

**FINANCIAL STATEMENTS**  
**30 JUNE 2013**

[These financial statements have not been audited]



**TSOLWANA**  
**MUNICIPALITY**

# TSOLWANA LOCAL MUNICIPALITY

## Index

Contents	Page
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General Information	1
Approval of the Financial Statements	2
Report of the Auditor General	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7 - 8
Statement of comparison of budget and actual amounts - Statement of financial position	9 - 10
Statement of comparison of budget and actual amounts - Statement of financial performance	11 - 12
Statement of comparison of budget and actual amounts - Cash flow statement	13 - 44
Accounting Policies	44 - 84
Notes to the Financial Statements	
<b>APPENDICES - Unaudited</b>	
A Segmental Statement of Financial Performance - Municipal Votes	85
B Segmental Statement of Financial Performance	86
C Disclosure of Grants and Subsidies in Terms of Section 123 of MFMA, 56 of 2003 - 2012	87
D Disclosure of Grants and Subsidies in Terms of Section 123 of MFMA, 56 of 2003 - 2013	88

# TSOLWANA LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

## GENERAL INFORMATION

### NATURE OF BUSINESS

TSOLWANA Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

### JURISDICTION

The TSOLWANA Municipality includes the following areas:

Tarkastad  
Hofmeyr  
Ntabathemba

### MUNICIPAL MANAGER

Mr SJ Dayi

### CHIEF FINANCIAL OFFICER

Me. S du Toit

### REGISTERED OFFICE

12 Murray street, Tarkastad

### AUDITORS

Office of the Auditor General (EC)

### PRINCIPLE BANKERS

First National Bank, Tarkastad

### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations



# TSOLWANA LOCAL MUNICIPALITY

## MEMBERS OF THE TSOLWANA LOCAL MUNICIPALITY

### COUNCILLORS

Proportional (Mayor)  
Proportional  
Proportional  
Proportional  
Proportional  
Ward 1  
Ward 2  
Ward 3  
Ward 4  
Ward 5

K Nqiqhi  
G Hlomendlini  
M Bennett  
V Dyasi  
C Boast  
M Mangcotywa  
T Baleng  
N Ngcefe  
N Nqabisa  
I van heerden

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2013, which are set out on pages 1 to 86 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2014 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

\_\_\_\_\_  
Mr SJ Dayi  
Municipal Manager

\_\_\_\_\_  
31-08-2013  
Date

**TSOLWANA LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013**

	Notes	2013 R (Actual)	2012 R (Restated)
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>91 536 594</b>	<b>89 404 549</b>
Accumulated Surplus/(Deficit)		91 536 594	89 404 549
<b>Non-Current Liabilities</b>		<b>4 551 627</b>	<b>4 707 502</b>
Long-term Liabilities			
Employee benefits	2	11 325	61 648
Non-Current Provisions	3	3 894 493	3 523 055
	4	645 810	1 122 801
<b>Current Liabilities</b>		<b>16 244 124</b>	<b>13 535 338</b>
Consumer Deposits			
Current Employee benefits	5	100 759	97 736
Provisions	6	848 974	618 041
Payables from exchange transactions	7	535 648	-
Unspent Conditional Government Grants and Receipts	8	3 486 768	4 754 190
Taxes	9	9 631 177	6 394 831
Cash and Cash Equivalents	10.1	1 590 477	1 603 908
Current Portion of Long-term Liabilities	18	-	-
	2	50 321	66 632
<b>Total Net Assets and Liabilities</b>		<b>112 332 346</b>	<b>107 647 389</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>94 444 599</b>	<b>90 039 787</b>
Property, Plant and Equipment			
Investment Property	11	67 245 125	62 505 065
Intangible Assets	12	27 145 375	27 434 164
	13	54 099	100 558
<b>Current Assets</b>		<b>17 887 746</b>	<b>17 607 602</b>
Inventory			
Assets held for sale	14	571 182	614 913
Receivables from exchange transactions		264 000	264 000
Receivables from non-exchange transactions	15	2 826 651	5 196 005
Unpaid Conditional Government Grants and Receipts	16	1 271 257	549 964
Operating Lease Asset	9	917 651	1 717 830
Taxes	18.1	-	1 172
Cash and Cash Equivalents	10	1 349 478	818 747
	18	10 687 527	8 444 971
<b>Total Assets</b>		<b>112 332 345</b>	<b>107 647 389</b>



TSOLWANA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 (Actual) R	2012 (Restated) R	Correction of error R	2012 (Previously reported) R
<b>REVENUE</b>					
Revenue from Non-exchange Transactions		44 594 449	38 519 746	(284 366)	38 804 112
Taxation Revenue		1 509 757	1 359 506	-	1 359 506
Property taxes	19	1 509 757	1 359 506	-	1 359 506
Transfer Revenue		43 081 692	37 154 987	(284 366)	37 439 353
Government Grants and Subsidies - Capital	20	12 632 130	10 590 384	(284 366)	10 874 750
Government Grants and Subsidies - Operating	20	30 449 562	26 544 604	-	26 544 604
Public Contributions and Donations		-	20 000	-	20 000
Other Revenue		3 000	5 253	-	5 253
Fines		3 000	5 253	-	5 253
Revenue from Exchange Transactions		16 422 637	14 317 417	(103 724)	14 421 143
Service Charges	21	7 014 835	5 330 821	(101 724)	5 432 545
Water Service Authority Contribution	22	6 489 172	6 424 354	-	6 424 354
Rental of Facilities and Equipment		57 701	56 171	(2 173)	58 344
Interest Earned - external Investments		287 090	377 734	172	377 562
Interest Earned - outstanding debtors		1 367 316	1 223 802	-	1 223 802
Agency Services		918 833	710 315	-	710 315
Other Income	23	287 352	175 185	-	175 186
Gain on disposal of Property, Plant and Equipment		338	19 035	-	19 035
<b>Total Revenue</b>		<b>61 017 085</b>	<b>52 837 164</b>	<b>(388 090)</b>	<b>53 225 255</b>
<b>EXPENDITURE</b>					
Employee related costs	24	19 976 946	17 434 397	-	17 434 396
Remuneration of Councillors	25	2 319 466	2 191 645	-	2 191 615
Debt Impairment	26	3 602 237	7 521 300	-	7 521 300
Depreciation and Amortisation	27	5 803 235	5 838 132	-	5 703 881
Repairs and Maintenance	31	2 013 085	3 097 652	134 251	3 097 652
Actuarial losses	3	2 287	303 559	-	303 559
Finance Charges	28	54 427	95 008	(402 098)	497 094
Bulk Purchases	29	7 796 083	6 389 211	-	6 389 211
Grants and Subsidies	30	-	880	-	880
Operating Grant Expenditure	32	7 301 014	5 775 180	1 506 956	4 268 224
General Expenses	33	9 916 261	11 042 056	94 799	10 947 257
<b>Total Expenditure</b>		<b>58 885 040</b>	<b>59 689 020</b>	<b>1 333 921</b>	<b>58 355 069</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>2 132 045</b>	<b>(6 851 857)</b>	<b>(1 722 011)</b>	<b>(5 129 814)</b>

TSOLWANA LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	Accumulated Surplus/ (Deficit)	Total
	R	R
Balance at 1 JULY 2011		
Change in accounting policy	96 442 171	96 442 171
Correction of error	-	-
Rounding	(185 753)	(185 753)
Restated Balance at 1 JULY 2011	(11)	
Net Deficit for the year	96 256 406	96 256 417
Balance at 30 JUNE 2012	(6 851 857)	(6 851 857)
Net Surplus for the year	89 404 549	89 404 561
Balance at 30 JUNE 2013	2 132 045	2 132 045
	91 536 594	91 536 606

**TSOLWANA LOCAL MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

	Notes	30 JUNE 2013 R	30 JUNE 2012 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other			
Government		11 463 529	8 999 683
Interest		48 112 908	37 585 963
Dividends		1 654 406	1 601 536
		-	-
<b>Payments</b>			
Suppliers and employees			
Finance charges	28	(49 427 259)	(41 677 869)
Transfers and Grants		(54 427)	(95 008)
		-	(880)
<b>Cash generated by operations</b>	36	<u>11 749 157</u>	<u>6 413 424</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	11	(10 036 304)	(8 357 544)
Purchase of Investment property		-	-
Proceeds on Disposal of Fixed Assets		338	19 035
Purchase of Intangible Assets		(8 240)	(5 700)
<b>Net Cash from Investing Activities</b>		<u>(10 044 206)</u>	<u>(8 344 209)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans repaid		(66 632)	-
New loans raised		-	-
Increase in Consumer Deposits		3 023	97 736
<b>Net Cash from Financing Activities</b>		<u>(63 608)</u>	<u>97 736</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>1 641 342</u>	<u>(1 833 049)</u>
Cash and Cash Equivalents at the beginning of the year		8 444 971	10 278 020
Cash and Cash Equivalents at the end of the year	37	<u>10 086 313</u>	<u>8 444 971</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>1 641 342</u>	<u>(1 833 049)</u>



**TSOLWANA LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	10 667 527	7 543 662	3 143 645	The cash on hand is more than initially budgeted for due to the high level of unspent grants.
Call investment deposits				
Consumer debtors	4 067 908	2 037 109	2 060 769	Consumer is higher due to a lower payment percentage as well as and amount of R1.2m due from CHDM which was not budgeted for.
Other Receivables	2 267 129		2 267 129	We did not budget for other receivables such as unpaid grants and material amounts for Taxes to be due at year end.
Current portion of long-term receivables	835 182	378 913	456 269	We did not use all the inventory as budgeted also resulted in a lower percentage spending on maintenance for the year.
<b>Total current assets</b>	<b>17 867 748</b>	<b>9 959 904</b>	<b>7 927 842</b>	
<b>Non current assets</b>				
Long-term receivables				
Investment property	27 145 375	29 013 184	(1 867 809)	No material
Property, plant and equipment	67 245 125	70 944 702	(12 699 577)	We did not budget to have unspent grants resulting in projects not being done, therefore the actual asset value is lower.
Intangible Assets	54 089	148 190	(94 091)	The material difference is due to amortisation for the year not taken into account during the budget.
<b>Total non current assets</b>	<b>94 444 589</b>	<b>109 106 076</b>	<b>(14 661 477)</b>	
<b>TOTAL ASSETS</b>	<b>112 332 345</b>	<b>119 065 980</b>	<b>(6 733 635)</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowing	50 321		50 321	The borrowing part was budgeted only under non current whereas the finance lease will have an effect on the next 12 months, not taken into account
Consumer deposits	100 759	97 736	3 023	Not material
Trade and other payables	14 708 422	5 472 256	9 236 165	
Provisions and Employee Benefits	848 974	1 425 092	(576 118)	The actual figure is lower due to the fact that we anticipated a higher contribution and expenditure for the year.
<b>Total current liabilities</b>	<b>15 708 476</b>	<b>6 995 084</b>	<b>8 713 392</b>	
<b>Non current liabilities</b>				
Borrowing	11 325	128 278	(116 953)	Refer to comment under Current liabilities.
Provisions and Employee Benefits	4 540 302	3 773 631	766 672	The provision for the 2012/13 year is quite high and we did not anticipate to have had such a huge contribution
<b>Total non current liabilities</b>	<b>4 551 627</b>	<b>3 901 908</b>	<b>649 719</b>	
<b>TOTAL LIABILITIES</b>	<b>20 260 103</b>	<b>10 896 992</b>	<b>9 363 110</b>	
<b>NET ASSETS</b>	<b>92 072 242</b>	<b>108 168 988</b>	<b>(16 096 745)</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	91 536 594	107 178 989	(15 642 393)	
Reserves		990 000	(990 000)	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>91 536 594</b>	<b>108 168 988</b>	<b>(16 632 393)</b>	

**TSOLWANA LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013**

**ADJUSTMENTS TO APPROVED BUDGET**

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Explanations for material adjustments
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	7 543 892	-	7 543 892	n/a
Consumer debtors	2 037 109	-	2 037 109	n/a
Other Receivables	-	-	-	n/a
Inventory	378 913	-	378 913	n/a
<b>Total current assets</b>	<b>9 959 904</b>	<b>-</b>	<b>9 959 904</b>	
<b>Non current assets</b>				
Long-term receivables	-	-	-	n/a
Investments	-	-	-	n/a
Investment property	29 013 184	-	29 013 184	n/a
Property, plant and equipment	79 944 702	-	79 944 702	n/a
Biological Assets	-	-	-	n/a
Intangible Assets	-	-	-	n/a
Heritage Assets	148 190	-	148 190	n/a
<b>Total non current assets</b>	<b>109 106 076</b>	<b>-</b>	<b>109 106 076</b>	n/a
<b>TOTAL ASSETS</b>	<b>119 065 980</b>	<b>-</b>	<b>119 065 980</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	-	-	-	n/a
Borrowing	-	-	-	n/a
Consumer deposits	97 736	-	97 736	n/a
Trade and other payables	5 472 256	-	5 472 256	n/a
Provisions and Employee Benefits	1 425 092	-	1 425 092	n/a
<b>Total current liabilities</b>	<b>6 995 084</b>	<b>-</b>	<b>6 995 084</b>	
<b>Non current liabilities</b>				
Borrowing	128 278	-	128 278	n/a
Provisions and Employee Benefits	3 773 631	-	3 773 631	n/a
<b>Total non current liabilities</b>	<b>3 901 909</b>	<b>-</b>	<b>3 901 909</b>	
<b>TOTAL LIABILITIES</b>	<b>10 896 992</b>	<b>-</b>	<b>10 896 992</b>	
<b>NET ASSETS</b>	<b>108 168 988</b>	<b>-</b>	<b>108 168 988</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	107 178 988	-	107 178 988	n/a
Reserves	900 000	-	900 000	n/a
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>108 168 988</b>	<b>-</b>	<b>108 168 988</b>	

**TSOLWANA LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

REVENUE BY SOURCE	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanation for material variances
<b>Revenue</b>				
Property rates	1 520 757	1 600 000	(200 243)	
Property rates - penalties & collection charges	8 763 109	9 871 651	(408 542)	Not material
Service charges	67 701	64 000	3 701	Not material
Rental of facilities and equipment	287 080	224 900	62 180	We managed to generate more interest than initially anticipated. Our cash available are decreasing and therefore a lower interest income was expected
Interest earned - education expenditure	1 357 316	1 277 556	60 830	Not material
Interest earned - outstanding debtors				
Provisional revenue				
<b>Fines</b>				
Licences and permits	3 000	7 000	(4 000)	Not material amount - Our Traffic department is not ready for operations and therefore we only reflect what department of Justice is paying over to us
Asylum seekers				
Government Grants and Subsidies - Operating	7 408 005	11 193 379	(3 785 374)	Chris Hani decreased the trophies available for expenditure during the year
Other revenue	30 449 567	31 610 805	(1 161 238)	Not material
Gains on disposal of PPE	237 362	51 690	235 782	The variance is due to unidentified revenue in previous periods which could not be identified as in year end
<b>Total Operating Revenue</b>	<b>31 153 230</b>	<b>56 201 151</b>	<b>(15 157 921)</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	19 075 845	19 813 018	(163 926)	Not material
Remuneration of councillors	2 319 466	2 320 819	(1 353)	Not material
Other expenditure	9 461 217	300 000	3 302 237	Due to the fact that we have made a material contribution in the previous year, and also due to plans to have implemented a proper credit control system, we anticipated that the contribution would have been minimal. Our
Legislation & social infrastructure	5 803 235	5 554 670	(151 436)	Not material
Finance charges	54 427	-	54 427	Not material
Public infrastructure	7 755 083	8 297 000	(506 917)	Not material
Other expenditure				
Construction services				
Onsels and materials paid	2 788 274	3 175 080	(408 726)	We have paid slightly less than budgeted, this will however improve during the coming financial year due to proper implementation of diligent subsidy registration process
Other expenditure	19 233 147	21 123 530	(1 890 383)	Not material
Loss on disposal of PPE				
<b>Total Operating Expenditure</b>	<b>61 553 315</b>	<b>60 384 034</b>	<b>600 280</b>	
<b>Operating Deficit for the year</b>	<b>(10 560 080)</b>	<b>(4 682 883)</b>	<b>(5 877 197)</b>	
Government Grants and Subsidies - Capital	12 632 126	15 419 700	(3 787 574)	A portion remain unspent at year end due to late implementation of projects resulted in all conditions not being met as at year
<b>Net Surplus for the year</b>	<b>2 102 045</b>	<b>11 736 817</b>	<b>(9 584 772)</b>	



**TSOI WANA LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**  
**ADJUSTMENTS TO APPROVED BUDGET**

REVENUE BY SOURCE	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Reasons for material adjustments
Property rates	1 900 000	-	1 890 000	n/a
Property rates - penalties & collection charges	-	-	-	n/a
Service charges	0 871 651	-	8 871 651	n/a
Rental of facilities and equipment	54 000	-	54 000	n/a
Interest earned - external investments	224 950	-	224 900	n/a
Interest earned - outstanding debtors	1 277 685	-	1 277 686	n/a
Dividends received	-	-	-	n/a
Fines	7 000	-	7 000	n/a
Licences and permits	-	-	-	n/a
Agency services	11 483 570	-	11 483 379	n/a
Government Grants and Subsidies - Operating	31 810 935	-	31 810 935	n/a
Other revenue	51 000	-	51 000	n/a
Gains on disposal of PPE	-	-	-	n/a
<b>Total Operating Revenue</b>	<b>56 291 151</b>	-	<b>56 291 151</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	19 813 018	-	19 813 018	n/a
Remuneration of councillors	2 820 816	-	2 820 816	n/a
Debt impairment	300 000	-	300 000	n/a
Depreciation & asset impairment	5 954 670	-	5 954 670	n/a
Financing charges	-	-	-	n/a
Bulk purchases	3 297 000	-	3 297 000	n/a
Other materials	-	-	-	n/a
Contracted services	-	-	-	n/a
Grants and subsidies paid	3 475 000	-	3 475 000	n/a
Other expenditure	21 123 590	-	21 123 590	n/a
Loss on disposal of PPE	-	-	-	n/a
<b>Total Operating Expenditure</b>	<b>60 994 034</b>	-	<b>60 994 034</b>	
<b>Operating Surplus/(Deficit) for the year</b>	<b>(4 692 883)</b>	-	<b>(4 692 883)</b>	
Government Grants and Subsidies - Capital	16 419 705	-	16 419 705	n/a
<b>Net Surplus/(Deficit) for the year</b>	<b>11 726 817</b>	-	<b>11 726 817</b>	

**TSOI WANA LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Receipts				
Municipal and other				
Government - operating	11 463 626	30 559 302	(30 095 653)	
Government - capital	48 112 508	29 285 780	18 827 118	
Interest		18 014 700	(18 014 700)	
Dividends	1 054 401	298 703	1 415 683	
Payments				
Supplies and services	(49 427 239)	(51 554 364)	2 127 105	
Financial charges	(54 427)	5 000	(64 427)	
Transferable and Grants			(15 000)	
<b>NET CASH FROM(USED) OPERATING ACTIVITIES</b>	<b>11 749 157</b>	<b>46 549 225</b>	<b>(34 000 000)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts				
Proceeds on disposal of Assets	334		334	
Decrease/(increase) in non-current receivables				
Decrease/(increase) in non-current payables				
Capital assets				
<b>NET CASH FROM(USED) INVESTING ACTIVITIES</b>	<b>(10 044 844)</b>	<b>(17 149 000)</b>	<b>7 104 456</b>	The difference is due to us not being able to implement and complete all our projects on time.
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts				
Borrowing	109 626	7 294 160	(7 350 812)	
Increase/(decrease) in consumer deposits	4 573	5 000	(1 977)	
Recapital of borrowing				
<b>NET CASH FROM(USED) FINANCING ACTIVITIES</b>	<b>63 909</b>	<b>7 299 160</b>	<b>(7 352 788)</b>	We did not enter into any finance agreement during the year under review.
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>1 664 342</b>	<b>36 699 405</b>	<b>(35 039 063)</b>	
Cash and Cash Equivalents at the beginning of the year	8 444 971	8 444 971		
Cash and Cash Equivalents at the end of the year	10 086 315	45 144 376	(35 058 063)	

We experienced some major challenges during the budget process to bring the figures within the budget realistic as far as the cashflow statement. The cash flow was heavily done on expectation to big for the municipality at this stage, though it will not make us to continue striving towards such positive cashflow statement

**ISOLWANA LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**  
**ADJUSTMENTS TO APPROVED BUDGET**

	2013 R	2013 R (Adjustments)	2013 R (Final Budget)	Reasons for material adjustments
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Receipts				
Municipal and other	50 550 302		50 550 302	n/a
Contributions and other	29 285 769		29 285 769	n/a
Government grants	18 014 700		18 014 700	n/a
Interest	258 709		258 709	n/a
Dividends				n/a
Payments	(51 564 364)		191 554 364	n/a
Suppliers and Employees				n/a
Finance charges				n/a
Transfer and Grants				n/a
NET CASH FROM/(USED) OPERATING ACTIVITIES	5 000		5 000	n/a
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	40 549 275		40 549 275	n/a
Receipts				
Proceeds on disposal of Assets				n/a
Decrease/(increase) in non-current receivables				n/a
Decrease/(increase) in non-current investments				n/a
Payments				n/a
Capital assets	(17 149 000)		(17 149 000)	n/a
NET CASH FROM/(USED) INVESTING ACTIVITIES	(17 149 000)		(17 149 000)	n/a
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts				
Borrowing	7 294 180		7 294 180	n/a
Increase/(decrease) in consumer deposits	5 000		5 000	n/a
Payments				n/a
Repayment of borrowing				n/a
NET CASH FROM/(USED) FINANCING ACTIVITIES	7 290 180		7 290 180	n/a
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	36 699 405		36 699 405	n/a
Cash and Cash Equivalents at the beginning of the year	8 444 971		8 444 971	n/a
Cash and Cash Equivalents at the end of the year	45 144 376		45 144 376	n/a



## TSOLWANA MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

##### 1.1. BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 1 (Revised – Mar 2012)	Presentation of Financial Statements	1 April 2013
GRAP 3 (Revised – Mar 2012)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2013
GRAP 9 (Revised – Mar 2012)	Revenue from Exchange Transactions	1 April 2013
GRAP 12 (Revised – Mar 2012)	Inventories	1 April 2013
GRAP 13 (Revised – Mar 2012)	Leases	1 April 2013
GRAP 16 (Revised – Mar 2012)	Investment Property	1 April 2013
GRAP 17 (Revised – Mar 2012)	Property, Plant and Equipment	1 April 2013
GRAP 25 (Original – Nov 2009)	Employee Benefits	1 April 2013
GRAP 27 (Revised – Mar 2012)	Agriculture	1 April 2013
GRAP 31 (Revised – Mar 2012)	Intangible Assets	1 April 2013
IGRAP 16 (Issued – Mar 2012)	Intangible Assets – Website Costs	1 April 2013

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

## **TSOLWANA MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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in terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

#### **1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

#### **1.3. GOING CONCERN ASSUMPTION**

These financial statements have been prepared on a going concern basis.

#### **1.4. COMPARATIVE INFORMATION**

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

#### **1.6 AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

#### **1.7 MATERIALITY**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

#### **1.8 PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.



# TSOLWANA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2012 to 30 June 2013. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts.

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included in the Statement of Comparison of Budget and Actual Amounts.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

### 1.9 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality.

Standard	Description	Effective Date
GRAP 6 (Revised – Nov 2010)	<p><b>Consolidated and Separate Financial Statements</b></p> <p>The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity.</p> <p>No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.</p>	Unknown
GRAP 7 (Revised – Mar 2012)	<p><b>Investments in Associate</b></p> <p>This Standard prescribes the accounting treatment for investments in associates where the investment in the associate leads to the holding of an ownership interest in the form of a shareholding or other form of interest in the net assets.</p> <p>No significant impact is expected as the Municipality does not have any interest in associates.</p>	1 April 2013



**TSOLWANA MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

<b>GRAP 8</b> (Revised – Nov 2010)	<p><b>Interest in Joint Ventures</b></p> <p>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p> <p>No significant impact is expected as the Municipality is not involved in any joint ventures.</p>	Unknown
<b>GRAP 18</b> (Original – Feb 2011)	<p><b>Segment Reporting</b></p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	Unknown
<b>GRAP 20</b> (Original – June 2011)	<p><b>Related Party Disclosure</b></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown
<b>GRAP 105</b> (Original – Nov 2010)	<p><b>Transfer of Functions Between Entities Under Common Control</b></p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
<b>GRAP 106</b> (Original – Nov 2010)	<p><b>Transfer of Functions Between Entities Not Under Common Control</b></p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the</p>	Unknown

**TSOLWANA MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	foreseeable future.	
<b>GRAP 107</b> (Original – Nov 2010)	<b>Mergers</b> The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.  No significant impact expected as no such transactions or events are expected in the foreseeable future.	<b>Unknown</b>
<b>IGRAP 11</b>	<b>Consolidation - Special Purpose Entities (SPE)</b> The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.  No significant impact is expected as the Municipality does not have any SPE's at this stage.	<b>Unknown</b>
<b>IGRAP 12</b>	<b>Jointly Controlled Entities non-monetary contributions</b> The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE).  No significant impact is expected as the Municipality does not have any JCE's at this stage.	<b>Unknown</b>

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

## **1.10 RESERVES**

### **1.10.1 Capital Replacement Reserve (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ to the CRR based on Management depreciation. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

## **1.11 LEASES**

### **1.11.1 Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as



## TSOLWANA MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 1.11.2 Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

#### 1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grant are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not



## **TSOLWANA MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

met, the remaining portion of the unspent conditional grant is reclassified as payables which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

#### **1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

#### **1.14. UNSPENT PUBLIC CONTRIBUTIONS**

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. Unspent public contributions are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the public contribution becomes repayable to the donor due to conditions not met, the remaining portion of the unspent public contribution is reclassified as payables which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.

## TSOLWANA MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

#### 1.15. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

#### 1.16. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal



## *TSOLWANA MUNICIPALITY*

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

#### **1.16.1 Post Retirement Medical Obligations**

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

#### **1.16.2 Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

#### **1.16.3 Provision for Staff Leave**



## TSOLWANA MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

#### **1.16.4 Staff Bonuses Accrued**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

#### **1.16.5 Provision for Performance Bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

#### **1.16.6 Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

#### **1.16.7 Other Short-term Employee Benefits**

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

## 1.17 PROPERTY, PLANT AND EQUIPMENT

### 1.17.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

### 1.17.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

### 1.17.3 Depreciation and Impairment



**TSOLWANA MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

<u>Infrastructure</u>	<u>Years</u>	<u>Other</u>	<u>Years</u>
Roads and Paving	70-30	Buildings	30-100
Pedestrian Malls	30	Specialist vehicles	10-20
Electricity	20-30	Other vehicles	5-15
Water	15-20	Office equipment	3-20
Sewerage	15-20	Furniture and fittings	7-20
<u>Community</u>		Specialised plant and	
Buildings	30 - 100	Equipment	3-15
Recreational Facilities	20-100	Other plant and	
Security	5	Equipment	2-5
Halls	20-100	Landfill sites	15
Libraries	20-100	Quarries	25
Parks and gardens	15-20	Emergency equipment	10
Other assets	15-20	Computer equipment	3 - 6
<u>Finance lease assets</u>			
Office equipment	3 - 5		
Other assets	5		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

**1.17.4 De-recognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.17.5 Land and buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used



## TSOLWANA MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

in order to determine the deemed cost as on 1 July 2008. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

#### 1.18 INTANGIBLE ASSETS

##### 1.18.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

##### 1.18.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite the asset is not amortised but is subject to an annual impairment test.

##### 1.18.3 Amortisation and Impairment

## TSOLWANA MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5
Computer Software Licenses	5

#### 1.18.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### 1.18.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2008. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2008.

### 1.19. INVESTMENT PROPERTY

#### 1.19.1 Initial Recognition

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it



## TSOLWANA MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

#### **1.19.2 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

#### **1.19.3 Depreciation and Impairment – Cost Model**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	100

#### **1.19.4 De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### **1.19.5 Application of deemed cost - Directive 7**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008.

### **1.20. NON-CURRENT ASSETS HELD FOR SALE**

#### **1.20.1 Initial Recognition**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**1.20.2 Subsequent Measurement**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in the Statement of Financial Performance.

**1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.21.1 Cash-generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

#### 1.21.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.



## TSOLWANA MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.



## TSOLWANA MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

#### 1.22. INVENTORIES

##### 1.22.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

##### 1.22.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

## TSOLWANA MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

#### 1.23. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

##### 1.23.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

##### 1.23.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

##### 1.23.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.23.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.23.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.23.2.4 Non-Current Investments

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.23.3 De-recognition of Financial Instruments



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.23.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.23.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.23.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.24. REVENUE

**1.24.1 Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.



## *TSOLWANA MUNICIPALITY*

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

#### **1.24.2 Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.



## TSOLWANA MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

**1.25. RELATED PARTIES**

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
  - has control or joint control over the Municipality,
  - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality,
  - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party,
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity,
  - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity,
  - the entity is controlled or jointly controlled by a person identified in (a).
  - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.



## **TSOLWANA MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

#### **1.26. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.27. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.28. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.29. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

**1.30. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

**1.30.1 *Post retirement medical obligations, Long service awards and Ex gratia gratuities***

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 3 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

**1.30.2 *Impairment of Receivables***

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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**1.30.3 Property, Plant and Equipment**

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

**1.30.4 Intangible Assets**

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

## **TSOLWANA MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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- Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

#### **1.30.5 Investment Property**

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### **1.30.6 Provisions and Contingent Liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

#### **1.30.7 Revenue Recognition**

Accounting Policy 1.24.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

#### **1.30.8 Provision for Landfill Sites**

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

**1.30.9 Provision for Task Implementation**

The provision at 30 June for Task Implementation represents the Municipality's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salary compared to the basic salary as per new TASK grading. The difference between these two packages was backdated to the implementation date of the TASK grading system.

**1.30.10 Provision for Staff leave**

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

**1.30.11 Provision for Performance bonuses**

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

**1.30.12 Componentisation of Infrastructure assets**

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

**1.31. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**1.32. CAPITAL COMMITMENTS**

*TSOLWANA MUNICIPALITY*

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

**1.33. EVENTS AFTER REPORTING DATE**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.



2

**LONG-TERM LIABILITIES**

	2013 R	2012 R
Capitalised Lease Liability - At amortised cost	61 646	128 278
Current Portion transferred to Current Liabilities	61 646	128 278
Capitalised Lease Liability - At amortised cost	50 321	66 632
Unamortised charges on loans	11 325	61 646
Balance 1 July		
Adjustment for the period		
<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>11 325</b>	<b>61 646</b>

The obligations under finance leases are scheduled below

	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	64 655	61 145
Payable within two to five years	12 360	67 225
Payable after five years	-	-
<b>Less: Future finance obligations</b>	<b>57 525</b>	<b>148 370</b>
<b>Present value of lease obligations</b>	<b>(5 579)</b>	<b>(20 062)</b>
	<b>61 646</b>	<b>128 278</b>

Leases are secured by property, plant and equipment - Note 11

The capitalised lease liability consist out of the following contracts

Supplier	Description of leased Item	Interest	Lease Term	Maturity Date
Finlech	Photo copy machine - 001784536-1-15	Prime	5yrs	31/12/2014
Finlech	Photo copy machine - 001785340-1-15	Prime	5yrs	31/01/2014
Finlech	Photo copy machine - 001785340-2-15	Prime	5yrs	31/01/2014

3

**EMPLOYEE BENEFITS**

	2013 R	2012 R
Post Retirement Benefits - Refer to Note 4.1	3 567 330	3 245 700
Long Service Awards - Refer to Note 4.2	567 184	277 355
<b>Total Non-current Employee Benefit Liabilities</b>	<b>3 894 493</b>	<b>3 523 055</b>

### Post Retirement Benefits

	2011 R	2010 R
Balance 1 July	3 340 644	2 940 136
Contribution for the year	139 507	499 007
Interest Cost	263 746	-
Expenditure for the year	(74 544)	(87 500)
Actuarial Loss/(Gain)	(28 299)	280 263
<b>Total post retirement benefits 30 June</b>	<b>3 680 657</b>	<b>3 340 644</b>
<b>Less:</b> Transfer of Current Portion - Note 5	<b>(113 248)</b>	<b>(104 549)</b>
<b>Balance 30 June</b>	<b>3 567 309</b>	<b>3 240 700</b>

### Long Service Awards

Balance 1 July	281 481	243 283
Contribution for the year	40 436	70 272
Interest Cost	17 544	-
Expenditure for the year	(5 877)	(35 180)
Actuarial Loss/(Gain)	(1 596)	3 500
<b>Total long service 30 June</b>	<b>269 219</b>	<b>281 481</b>
<b>Less:</b> Transfer of Current Portion - Note 5	<b>(81 055)</b>	<b>(104 500)</b>
<b>Balance 30 June</b>	<b>188 164</b>	<b>177 355</b>

### TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July	3 632 525	3 461 640
Contribution for the year	277 556	590 176
Interest Cost	251 296	-
Expenditure for the year	(100 516)	(117 660)
Actuarial Loss/(Gain)	2 287	280 263
<b>Total employee benefits 30 June</b>	<b>4 062 976</b>	<b>3 632 525</b>
<b>Less:</b> Transfer of Current Portion - Note 5	<b>(168 334)</b>	<b>(106 470)</b>
<b>Balance 30 June</b>	<b>3 894 493</b>	<b>3 523 052</b>

### EMPLOYEE BENEFITS (CONTINUE)

#### 3.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	20	34
In-service (employee) non-members	78	83
Continuation members (e.g. Retirees, widows, orphans)	4	0
<b>Total Members</b>	<b>102</b>	<b>117</b>

The liability in respect of past service has been estimated to be as follows:

In-service members	3 416 046	3 212 767
Continuation members	1 252 936	1 127 640
<b>Total Liability</b>	<b>3 466 627</b>	<b>3 340 646</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2011 R	2010 R	2009 R
<b>Total Liability</b>	<b>2 698 186</b>	<b>2 229 443</b>	<b>1 011 116</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;  
LA Health and  
Soweto.



Key actuarial assumptions used	2013 %	2012 %
<b>i) Rate of interest</b>		
Discount rate	5.04%	5.01%
Health Care Cost Inflation Rate	7.05%	7.07%
Net Effective Discount Rate	1.09%	0.65%

**ii) Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries

**iii) Normal retirement age**

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement

	2013 R	2012 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	3 587 309	3 245 700
<b>Total Liability</b>	<b>3 587 309</b>	<b>3 245 700</b>
The fund is wholly unfunded		

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	3 340 644	2 658 186
Total expenses	197 912	141 040
Current service cost	309 507	329 870
Interest Cost	283 740	
Benefits Paid	(394 845)	(187 839)
Actuarial (gains)	(139 298)	300 053
Present value of fund obligation at the end of the year	3 696 657	3 340 644
<b>Less:</b> Transfer of Current Portion - Note 6	(111 348)	(194 944)
<b>Balance 30 June</b>	<b>3 587 309</b>	<b>3 245 700</b>

**Sensitivity Analysis on the Actrued Liability**

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	2 415	1 289	3 699

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	2 041	1 591	4 332	17%
Health care inflation	-1%	2 005	1 108	3 191	-14%
Post-retirement mortality	-1 year	2 498	1 341	3 839	4%
Average retirement age	-1 year	2 610	1 283	3 893	5%
Withdrawal Rate	-50%	2 736	1 303	4 039	9%
<b>Assumption</b>	<b>Change</b>	<b>Current service Cost (R)</b>	<b>Interest Cost (R)</b>	<b>Total (R)</b>	<b>% change</b>
Central Assumption		228 500	263 700	492 200	
Health care inflation	1%	288 700	309 800	597 500	21%
Health care inflation	-1%	182 600	227 500	410 100	-17%
Post-retirement mortality	-1 year	308 300	273 900	510 200	4%
Average retirement age	-1 year	224 900	277 400	502 300	2%
Withdrawal Rate	-50%	275 300	282 500	554 200	13%

### 3.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses:

2013 2012

Key actuarial assumptions used

#### i) Rate of Interest

Discount rate

General Salary Inflation (long-term)

Net Effective Discount Rate applied to salary-related Long Service Bonuses

	107	87
	2013 %	2012 %
Discount rate	6.04%	6.16%
General Salary Inflation (long-term)	6.62%	5.97%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.21%	0.18%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations

Net liability

	2013 R	2012 R
Present value of fund obligations	207 184	277 355
Net liability	207 184	277 355

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2011 R	2010 R	2009 R
Total Liability	243 263	201 273	167 130

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year

Total expenses

Current service cost

Interest Cost

Benefits Paid

Actuarial (gains)/losses

Present value of fund obligation at the end of the year

Less: Transfer of Current Period - Note 6

Balance 30 June

	2011 R	2010 R	2009 R
Present value of fund obligation at the beginning of the year	201 681	243 263	
Total expenses	60 751	45 112	
Current service cost	40 000	35 270	
Interest Cost	17 546	-	
Benefits Paid	15 672	(25 160)	
Actuarial (gains)/losses	41 566	3 506	
Present value of fund obligation at the end of the year	304 219	201 681	
Less: Transfer of Current Period - Note 6	(67 035)	(14 526)	
Balance 30 June	243 263	201 681	

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption

Central assumptions

General salary inflation

General salary inflation

Average retirement age

Average retirement age

Withdrawal rates

Change

Liability  
(Rm)

% change

Change	Liability (Rm)	% change
1%	0.394	
-1%	0.444	9%
-1%	0.376	-5%
-2 yrs	0.376	-1%
2 yrs	0.421	7%
-50%	0.456	16%

Current-service

Assumption

Central assumptions

General salary inflation

General salary inflation

Average retirement age

Average retirement age

Withdrawal rates

Change

Cost  
(R)

Interest Cost  
(R)

Total  
(R)

% change

Change	Cost (R)	Interest Cost (R)	Total (R)	% change
1%	48 100	17 500	65 600	
-1%	52 200	16 500	70 700	8%
-1 year	46 300	16 500	62 800	-6%
-1 year	48 400	16 500	62 900	-6%
-50%	51 900	16 100	70 000	6%
	52 700	21 000	83 700	26%

### 3.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as assurance on the Municipality's share of the Pension and Retirement Funds assets from the fund administrators. The fund administrators confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.



As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.35.

#### CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 108.0% (30 June 2011 - 116.9%).

Contributions paid recognised in the Statement of Financial Performance

2013 R	2012 R
586 545	569 825

#### CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 99.42% (30 June 2011 - 98.10%).

Contributions paid recognised in the Statement of Financial Performance

2013 R	2012 R
164 945	150 914

#### DEFINED CONTRIBUTION FUNDS

Council contribute to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

SALA Pension Fund

2013 R	2012 R
1 406 190	1 328 845
1 757 577	1 285 228

#### NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites

Total Non-current Employee Benefit Liabilities

2013 R	2012 R
645 810	1 122 801
645 810	1 122 801

#### Landfill Sites

Balance 1 July

Correction on Opening balance of Landfill Site Provision - Note 37.07

Restated Balance 1 July

Additions

Balance previously reported

Correction on 2011/2012 liabilities on Landfill Site Provision - Note 37.07

Total provision 30 June

Less: Transfer of Current Portion to Current Provisions - Note 8

Balance previously reported

Correction on Current portion of Landfill sites transferred to Current Provision - Note 37.07

Balance 30 June

2013 R	2012 R
1 122 801	1 025 005
-	-
1 122 801	1 025 005
58 657	69 785
-	405 088
-	(302 291)
1 181 458	1 122 801
(535 648)	-
-	-
645 810	1 122 801

It is expected that outflows of economic benefits in respect of the provision for rehabilitation of landfill sites will not occur beyond the 2-Year Medium Term Revenue and Expenditure Framework period.

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

**Landfill Sites**

Area (m²)  
Cost of Storm water Out off drain (R62/m)  
P&G (15%)  
Closure report and closure design (induced)  
Stormwater form Diversion Bents  
Stormwater Concrete pipe culverts and headwalls  
Install Monitoring Borehole  
Revegetation  
Scarify Roads  
Construct whaleback structures on cells  
Contingencies

Tankentat	Hodmesr
11 880	8 191
98	89
41 582	38 217
208 000	225 000
81 880	25 478
50 000	47 380
114 890	114 000
11 430	11 405
41 040	24 480
41 040	24 480
18 898	14 680

**6 CONSUMER DEPOSITS**

Water and Electricity

100 788 97 706

Total Consumer Deposits

100 788 97 706

Guarantees held in lieu of Electricity and Water Deposits

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

**6 CURRENT EMPLOYEE BENEFITS**

Current Portion of Post Retirement Benefits - Note 3

118 548 88 944

Current Portion of Long-Serve Provisions - Note 3

87 025 14 606

Staff Bonuses accrued

608 591 608 571

Total Current Employee Benefits

814 164 612 021

The improvement in current employee benefits are recorded as follows:

**Staff Bonuses accrued**

Balance at beginning of year

508 571 483 387

Contribution to current portion

287 166 951 687

Expenditure incurred

(746 176) (900 780)

Balance at end of year

549 561 634 294

Bonuses are being paid to all Municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement. A 5% was included for section 57 Managers on their annual packages for possible performance contracts.

**7 PROVISIONS**

Current Portion of Rehabilitation of Landfillsites - Note 3

508 548

Total Provisions

508 548

**8 PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade Payables

2012 2012  
R R

Security Creditors

1 560 375 1 468 034

Water Service Authority payable

20 650 20 180

Retention and Sureties

431 084 481 608

Payments received in advance

121 086 84 718

Leave payable

1 258 326 1 088 081

Unknown Receipts

41 705 700 578

E-Nails Creditors

85 341 228 416

Total Trade Payables

3 406 768 3 754 195



Payables are being recognized net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

## 9 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

### Unspent Grants

National Government Grants  
Provincial Government Grants  
District Municipality  
Other Grant Providers

### Less: Unpaid Grants

National Government Grants  
Provincial Government Grants  
District Municipality  
Other Grant Providers

### Total Conditional Grants and Receipts

	9 031 177	8 364 831
	5 688 604	4 214 661
	1 076 089	1 433 595
	2 217 585	187 085
	646 602	569 500
	917 651	1 717 830
	817 651.33	1 717 830
	8 713 526	6 677 991

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. An amount of R1 703 m was deducted from Equitable share that relates to the unspent portion of 2010/2011.

Unspent grants can be attributed to projects that are work in progress on the relevant financial year-ends.

## 10 TAXES

### 10.1 VAT PAYABLE

VAT Payable  
VAT output in suspense  
Total Vat payable

	1 560 477	1 005 905
	1 590 477	1 000 909

### 10.2 VAT RECEIVABLE

VAT Receivable  
VAT input in suspense  
Total VAT receivable

	1 171 646	568 273
	177 632	250 474
	1 349 278	818 747

### 10.3 NET VAT RECEIVABLE(PAYABLE)

	(241 000)	(785 161)
--	-----------	-----------

VAT is receivable/payable on the cash basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

11 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2013

Reconciliation of Carrying Value

	Cost			Accumulated Depreciation			Carrying Value		
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Charge	Disposals	Closing Balance	Closing Balance
	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>									
Land	4 036 598	-	-	4 036 598	995	-	-	995	4 035 604
Buildings	4 787 600	-	-	4 787 600	-	-	-	-	4 787 600
	48 998	-	-	48 998	995	-	-	995	48 998
<b>Infrastructure</b>									
Electricity	52 337 893	2 644 736	-	54 982 619	21 643 987	4 763 831	-	26 887 818	30 293 896
Roads, Pavements, Bridges & Storm Water	18 458 007	1 728 012	-	20 186 176	1 507 967	412 084	-	2 019 751	16 266 439
	33 809 786	916 657	-	34 766 443	20 436 320	4 361 747	-	24 788 067	13 433 468
<b>Lease Assets</b>									
	244 234	-	-	244 234	156 640	-	-	156 640	87 594
<b>Office Equipment</b>									
	244 234	-	-	244 234	156 640	-	-	156 640	87 594
<b>Community Assets</b>									
	26 387 194	7 155 727	-	33 542 928	1 037 566	314 960	-	1 352 546	25 319 606
<b>Computerise</b>									
Civic Buildings	13 225 612	1 894 051	-	15 219 663	765 410	176 072	-	941 482	12 458 202
Community Halls	5 114 099	3 609 561	-	8 723 660	143 409	38 345	-	151 754	4 970 690
Markets	-	-	-	-	-	-	-	-	-
Parks & Gardens	-	20 388	-	20 388	-	20 388	-	20 388	-
Public Conveniences & Bathhouses	3 017 483	1 531 747	-	4 549 230	138 767	80 175	-	208 942	7 888 716
Town Library	-	-	-	-	-	-	-	-	-
Transport Facilities	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>									
	3 826 059	238 840	-	4 064 899	1 587 158	480 938	-	1 991 117	1 938 309
<b>Landfill sites</b>									
Furniture & Fixings	963 236	-	-	963 236	314 193	62 804	-	251 045	555 238
Motor Vehicles	55 645	-	-	55 645	31 606	6 635	-	25 039	19 485
Office Equipment	332 595	23 702	-	356 297	197 353	71 037	-	268 980	507 397
Computer Equipment	455 043	63 499	-	518 542	255 603	66 370	-	311 973	7 120
Plant and Machinery	360 936	82 433	-	443 369	266 045	93 225	-	253 270	245 662
	1 315 601	69 217	-	1 384 818	882 359	190 285	-	1 072 564	344 039
	47 801 938	10 036 361	-	57 838 299	25 126 366	5 569 346	-	30 309 115	62 475 573
									4 416 558
									67 229 128



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

30 JUNE 2012

## Reconciliation of Carrying Value

	Cost			Accumulated Depreciation			Carrying Value		
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Closing Balance	Opening Balance	Additions	Closing Balance
	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>									
Land	4 836 888	-	-	4 836 588	505	955	4 836 884	(490)	4 835 904
Buildings	4 787 600	-	-	4 787 600	-	-	4 787 600	-	4 787 600
	48 926	-	-	48 926	505	955	48 926	(490)	48 436
<b>Infrastructure</b>									
Electricity	47 182 274	5 165 699	-	52 337 883	17 384 461	4 859 526	29 797 813	496 083	30 293 896
Roads, Pavements, Bridges & Storm Water	15 340 364	3 215 743	-	16 456 097	1 249 768	359 279	14 000 856	2 859 494	16 860 350
	31 930 924	1 902 845	-	33 832 884	18 134 173	4 300 247	15 796 845	(2 303 362)	13 493 483
<b>Lease Assets</b>									
	244 204	-	-	244 204	107 799	48 841	136 405	(48 841)	87 564
<b>Office Equipment</b>									
	241 734	-	-	241 734	107 799	48 841	136 405	(48 841)	87 564
<b>Community Assets</b>									
	23 482 442	2 874 749	-	26 357 191	754 910	283 908	22 728 424	2 591 484	25 319 908
<b>Capital Assets</b>									
Costs Building	13 205 612	-	-	13 205 612	586 855	176 555	12 618 757	(176 555)	12 442 202
Community Hall	3 809 541	1 304 509	-	5 114 050	104 960	38 449	3 704 581	1 256 109	4 960 690
Markets	-	-	-	-	-	-	-	-	-
Parks & Gardens	-	-	-	-	-	-	-	-	-
Public Conveniences & Bathrooms	-	-	-	-	-	-	-	-	-
Recreational Grounds	-	-	-	-	-	-	-	-	-
Town Library	-	-	-	-	-	-	-	-	-
Transport Facilities	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>									
	6 447 289	1 570 194	-	8 017 483	50 203	68 564	6 387 086	1 501 930	7 889 016
<b>Landfill sites</b>									
	5 488 876	227 181	-	5 716 057	1 384 384	502 795	2 114 532	(175 612)	1 938 920
<b>Furniture &amp; Fixings</b>									
	365 238	-	-	365 238	251 217	62 976	314 021	(62 976)	251 045
<b>Motor Vehicles</b>									
	56 645	-	-	56 645	24 337	7 260	32 308	(7 260)	25 048
<b>Office Equipment</b>									
	365 475	167 120	-	532 595	112 502	84 851	419 793	82 269	502 062
<b>Computer Equipment</b>									
	420 342	74 701	-	495 043	190 512	75 091	255 503	(389)	255 114
<b>Plant and Machinery</b>									
	475 574	85 362	-	560 936	121 958	84 088	353 615	1 276	354 891
	1 315 001	-	-	1 315 001	893 035	189 522	621 764	(189 522)	432 242
	79 344 386	9 357 544	-	88 701 930	19 431 147	6 485 206	69 813 243	2 862 374	72 675 617

An amount of R1 500 356 was included under Infrastructure Roads in the 2011/12 accounts, it should however be noted that the was corrected by way of correction of error due to the fact that the expenditure on the roads related to provincial roads and therefore does not qualify as an asset in Tswilwana Municipalities records. Accumulated depreciations as at 1 July 2011 was restated with an amount of R263 948 due to incorrect calculations of depreciation.

Assets with a cost of R62 201 and a Carrying value of R12 886 has been identified to be written off. Council approved of it on the 29th of August 2013. These assets are included in the balances above.

The leased property, plant and equipment and the buildings are secured as set out in note 2.

Tswilwana Municipality did an assessment of useful life and depreciation method as at 30 June 2013 since the previous review was done on 30 June 2011. No requirement was identified as was any changes in method of depreciation identified. The material factors could be identified after that those that existed as at 30 June 2011 when the asset review took place. The same factors were still applicable and there were no changes.

A fixed asset register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

11 Assets pledged as security: 2013 2012

No assets are pledged as security.

Third party payments received for losses incurred:

Tsolwana Municipality did not receive any third party payments for any losses on assets for the period under review.

Impairment of property plant and equipment for the year

We have assessed the following classes of assets for impairment, however no impairment was identified other than those items to be disposed of:

Land and Buildings  
Infrastructure  
Community Assets  
Lease Assets  
Other movable assets.

12 INVESTMENT PROPERTY

Net Carrying amount at 1 July

Cost  
Under Construction  
Accumulated Depreciation  
Accumulated Impairment

Depreciation for the year

Net Carrying amount at 30 June

Cost  
Accumulated Depreciation  
Accumulated Impairment

2012 R 2011 R

27 434 164 27 723 744

28 878 800 28 878 800

(1 444 736) (1 155 158)

(288 788) (288 580)

27 146 376 27 434 164

28 878 800 28 878 800

(1 733 526) (1 444 736)

There are no restrictions on the realisability of Investment Property or the realisation of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Revenue derived from the rental of investment property

4 502 7 500

Operating expenditure incurred on properties generating revenue

Operating expenditure incurred on properties not generating revenue

2013 R 2012 R

13 INTANGIBLE ASSETS

Computer Software

Net Carrying amount at 1 July

Cost  
Accumulated Amortisation

Additions  
Amortisation

Net Carrying amount at 30 June

Cost  
Accumulated Amortisation

100 558 148 190

218 445 212 745

(117 887) (54 555)

8 240 5 700

(54 696) (53 332)

64 098 100 558

228 685 218 445

(172 588) (117 887)

No intangible assets were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose life is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.



	2013 R	2012 R
<b>14 INVENTORY</b>		
Stationary - At cost	-	32 233
Electrical stock	236 083	236 083
Other Water department inventory	335 080	346 677
<b>Total Inventory</b>	<b>571 162</b>	<b>614 993</b>
Consumable stores materials written down due to losses as identified during the annual stores counts	-	-
Consumable stores materials surpluses identified during the annual stores counts	-	-
Inventory recognised as an expense during the year	288 280	157 125
No inventory assets were pledged as security for liabilities		

<b>15 RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Electricity	4 461 780	3 588 646
Water	2 747 463	2 089 560
Refuse	3 412 280	2 538 770
Sewerage	5 193 520	4 423 588
Other	93 971	580 578
CHDM Service Authority	1 230 336	3 907 749
<b>Total Receivables from Exchange Transactions</b>	<b>17 139 291</b>	<b>17 608 991</b>
Less: Allowance for Doubtful Debts	(14 302 639)	(12 413 993)
<b>Total Net Receivables from Exchange Transactions</b>	<b>2 836 651</b>	<b>5 195 000</b>

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

Current (0 - 30 days)	370 692	297 595
31 - 60 Days	211 354	150 470
61 - 90 Days	163 608	137 557
+ 90 Days	2 715 825	2 803 624
<b>Total</b>	<b>4 461 780</b>	<b>3 588 646</b>

**(Waste): Ageing**

Current (0 - 30 days)  
31 - 60 Days  
61 - 90 Days  
+ 90 Days

Total

85 115	75 579
92 947	55 448
75 804	84 075
2 408 000	2 903 891
<b>3 747 492</b>	<b>3 089 993</b>

**(Refuse): Ageing**

Current (0 - 30 days)  
31 - 60 Days  
61 - 90 Days  
+ 90 Days

Total

70 408	50 464
56 295	49 315
54 071	40 637
2 027 000	2 080 829
<b>2 412 296</b>	<b>2 639 486</b>

**(Sewerage): Ageing**

Current (0 - 30 days)  
31 - 60 Days  
61 - 90 Days  
+ 90 Days

Total

115 858	92 548
56 428	75 791
82 400	75 960
4 409 800	4 177 159
<b>5 183 886</b>	<b>4 422 660</b>

**(Other): Ageing**

Current (0 - 30 days)  
31 - 60 Days  
61 - 90 Days  
+ 90 Days

Total

2 041	2 741
2 730	2 790
2 740	2 730
80 770	900 577
<b>85 871</b>	<b>900 578</b>

**(Total): Ageing**

Current (0 - 30 days)  
31 - 60 Days  
61 - 90 Days  
+ 90 Days

Total

642 212	535 483
448 489	380 054
161 549	317 581
14 408 000	12 315 951
<b>15 699 950</b>	<b>13 609 249</b>

**Reconciliation of Provision for Bad Debts**

Balance at beginning of year  
Contribution to provision  
Bad Debts Written Off

Balance at end of year

12 410 988	5 888 061
2 776 000	5 722 040
(204 988)	
<b>14 982 000</b>	<b>12 410 983</b>

The Provision for Impairment could be allocated between the different classes of receivables as follows:

Electricity  
Water  
Refuse  
Sewerage  
Other

7 482 130	2 065 474
2 804 371	1 805 718
2 613 800	2 814 360
4 028 034	3 880 256
18 600	910 145
<b>14 982 000</b>	<b>12 410 983</b>

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables has been successful. One of the municipality's management policies that an additional risk rating analysis provides for collection risk is entered in the municipality's trade receivables.



16 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Rates

Other Receivables

Employee related debtors  
Under investigation  
Fuel Deposits  
Contractor penalties  
Fruitless and Wasteful expenditure recoverable  
Payments made in advance  
Other

Total Receivables from Non-Exchange Transactions  
Less: Allowance for Doubtful Debts

Total Net Receivables from Non-Exchange Transactions

2012 R	2011 R
4 084 314	3 655 957
980 406	171 765
322 814	50 694
878 391	-
5 420	3 030
181 132	183 630
12 875	72 720
-	29 884
24 181	19 445
5 574 718	4 027 731
(4 303 451)	(3 477 737)
1 271 267	549 994

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

A fraudulent activity has been identified during the year under review. It is still under investigation by the South African Police as well as internally. A cheque for the amount of R478 201 was deposited into an unknown company's bank account and it was not captured on the system. The money however has been frozen and the money will be paid back into our bank account.

Ageing of Receivables from Non-Exchange Transactions:

(Refer: Ageing)

Current (0 - 30 days)

31 - 60 Days

61 - 90 Days

> 90 Days

Total

44 678	78 965
70 180	73 867
72 718	116 189
4 406 738	3 437 997
4 554 314	3 685 957

Reconciliation of Provision for Bad Debts

Balance at beginning of year

Contribution to provision

Bad Debts Written Off

Balance at end of year

3 477 767	2 579 169
225 704	768 388
-	-
4 353 481	3 477 767

The entire provision for bad debts relates to the outstanding rates balance.

Concentrations of credit risk with respect to trade receivables are reduced due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables has, without exception, been good. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is present in the municipality's trade receivables.

17 OPERATING LEASE ARRANGEMENTS

17.1 The Municipality as Lessor (Asset)

Balance on 1 July

Movement during the year

Balance on 30 June

1 172	1 172
(1 172)	-
-	1 172

At the Statement of Financial Position date, where the municipality acts as lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year

1 to 5 Years

More than 5 Years

Total Operating Lease Arrangements

14 457	7 500
-	-
-	-
14 457	7 500

The lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for periods ranging until 2014.

The municipality does not engage in any sub-lease arrangements.

The municipality did not receive any contingent rent during the year.

19

**CASH AND CASH EQUIVALENTS**

**Assets**

Call Investment Deposits  
Housing Bank account  
Capital Bank Account  
Primary Bank Accounts  
Cash Floats

2 000 119	5 031 219
1 406 008	1 374 004
300 471	973 088
320 748	488 888
0	90

**Total Cash and Cash Equivalents - Assets**

<b>10 507 527</b>	<b>8 444 971</b>
-------------------	------------------

**Liabilities**

Primary Bank Account

**Total Cash and Cash Equivalents - Liabilities**

<b>-</b>	<b>-</b>
----------	----------

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

**Current Accounts**

First National Bank - Acc no 53850009219 - Housing Bank account  
First National Bank - Acc no 62023697157 - Capital Bank account  
First National Bank - Acc no 53852257202 - Primary Bank account

1 374 004	1 374 004
300 471	973 088
320 748	488 888
<b>1 627 382</b>	<b>2 815 669</b>

**First National Bank - Acc no 53850009219**

Cash book balance at beginning of year  
Cash book balance at end of year

1 374 004	488 888
1 026 008	1 374 004

Bank statement balance at beginning of year  
Bank statement balance at end of year

1 374 004	488 888
1 026 008	1 374 004

**First National Bank - Acc no 62023697157**

Cash book balance at beginning of year  
Cash book balance at end of year

973 088	981 701
300 471	810 080

Bank statement balance at beginning of year  
Bank statement balance at end of year

973 088	1 406 008
1 026 008	973 088

**First National Bank - Acc no 53852257202**

Cash book balance at beginning of year  
Cash book balance at end of year

488 888	1 188 824
320 748	488 888

Bank statement balance at beginning of year  
Bank statement balance at end of year

1 026 008	488 888
1 026 008	1 026 008

**Call Investment Deposits**

Call investment deposits consist out of the following accounts:

- Acc no 61385738820  
- Acc no 62067415127  
- Acc no 62165097995  
- Acc no 62240888100

2 018 141	141 807
137 787	436 423
5 852 866	4 343 680
851 357	810 400
<b>8 059 151</b>	<b>5 631 210</b>

19	PROPERTY RATES	2013 R	2012 R
	<u>Actual</u>		
	<b>Rateable Land and Buildings</b>	2 412 696	2 380 630
	Residential, Commercial Property, State	2 412 696	2 380 630
	Less: Rebates	(909 139)	(1 021 133)
	<b>Total Assessment Rates</b>	<b>1 509 757</b>	<b>1 359 506</b>

Valuations - 1 JULY 2006

<b>Rateable Land and Buildings</b>	
Residential	
Residential - Other	798 932 505
RDP Houses	23 546 902
Industrial	4 198 900
Government Properties	22 859 400
Public Benefit	26 115 500
Agricultural	50 122 900
Municipal owned Property	1 008 487 000
	7 021 310
<b>Total Assessment Rates</b>	<b>1 236 726 799</b>

Valuations on land and buildings are performed every four years. The last valuations came into effect on 1 July 2006.

Rates:

Residential	0.57c/R	0.54c/R
Commercial/Business Properties	0.14c/R	0.08c/R
Public Service Infrastructure		
Public Benefit Organisations		
Industrial Properties	0.14c/R	0.14c/R
Agricultural Properties used for Agricultural Purposes	1.14c/R	1.08c/R
Agricultural Properties used for commercial/Industrial	1.14c/R	0.14c/R
Agricultural Properties used for Eco-Tourism, Conservation Training or Hunting of Game	0.59c/R	0.57c/R
Agricultural Properties not used for any purpose/purpose unknown to Municipality	0.59c/R	0.57c/R
State Owned Property	0.57c/R	0.08c/R
Municipal Owned Property	0.14c/R	0.10c/R
Vacant Properties	1.14c/R	1.08c/R

Rates are levied annually and monthly. Monthly rates are payable by the end of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

**20 GOVERNMENT GRANTS AND SUBSIDIES**

<b>Unconditional Grants</b>	24 741 419	21 077 998
Equitable Share	24 741 419	21 077 998
<b>Conditional Grants</b>	18 980 244	15 256 999
Grants and donations	18 980 244	15 256 999
<b>Total Government Grants and Subsidies</b>	<b>43 081 663</b>	<b>37 134 997</b>
Government Grants and Subsidies - Capital	12 692 120	10 990 000
Government Grants and Subsidies - Operating	30 449 534	26 144 997
	<b>43 081 663</b>	<b>37 134 997</b>

Revenue recognised pro voto as required by Section 123(c) of the MFMA

Equitable share

Executive & Council	5 059 842	4 232 132
Budget & Treasury	3 149 574	2 789 034
Corporate Services	4 175 768	3 677 045
Community & Social Services	7 217 082	6 986 158
Technical Services	4 539 481	4 162 789
	<b>24 741 447</b>	<b>21 877 998</b>

The municipality does not expect any significant changes to the level of grants.

**20.1 Equitable share**

Opening balance		
Grant & donations	24 741 419	21 077 998
Conditions met - Operating	(24 741 419)	(21 077 998)
Conditions met - Capital		



Conditions still to be met


The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury

20.2	<b>Department of Public Works and Roads</b>	<table> <tr><td>Opening balance</td><td></td><td></td></tr> <tr><td>Grants received</td><td>(1 717 630)</td><td></td></tr> <tr><td>Conditions met - Operating</td><td>3 502 091</td><td></td></tr> <tr><td>Conditions met - Capital</td><td>(198 388)</td><td></td></tr> <tr><td>Conditions still to be met</td><td>(2 503 424)</td><td>(1 717 630)</td></tr> <tr><td></td><td>(937 651)</td><td>(1 717 630)</td></tr> </table>	Opening balance			Grants received	(1 717 630)		Conditions met - Operating	3 502 091		Conditions met - Capital	(198 388)		Conditions still to be met	(2 503 424)	(1 717 630)		(937 651)	(1 717 630)
Opening balance																				
Grants received	(1 717 630)																			
Conditions met - Operating	3 502 091																			
Conditions met - Capital	(198 388)																			
Conditions still to be met	(2 503 424)	(1 717 630)																		
	(937 651)	(1 717 630)																		
Monies transferred through SLA for the design and construction of interlink roads																				
20.3	<b>Local Government Financial Management Grant (FMG)</b>	<table> <tr><td>Opening balance</td><td></td><td></td></tr> <tr><td>Grants received</td><td>1 500 000</td><td>1 500 000</td></tr> <tr><td>Conditions met - Operating</td><td>(7 380 000)</td><td>(1 250 000)</td></tr> <tr><td>Conditions met - Capital</td><td></td><td></td></tr> <tr><td>Conditions still to be met</td><td></td><td></td></tr> </table>	Opening balance			Grants received	1 500 000	1 500 000	Conditions met - Operating	(7 380 000)	(1 250 000)	Conditions met - Capital			Conditions still to be met					
Opening balance																				
Grants received	1 500 000	1 500 000																		
Conditions met - Operating	(7 380 000)	(1 250 000)																		
Conditions met - Capital																				
Conditions still to be met																				
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA) 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).																				
20.4	<b>Municipal Systems Improvement Grant</b>	<table> <tr><td>Opening balance</td><td></td><td>2 000</td></tr> <tr><td>Grants received</td><td>500 000</td><td>500 000</td></tr> <tr><td>Conditions met - Operating</td><td>(500 000)</td><td>(250 000)</td></tr> <tr><td>Conditions met - Capital</td><td></td><td></td></tr> <tr><td>Conditions still to be met</td><td></td><td></td></tr> </table>	Opening balance		2 000	Grants received	500 000	500 000	Conditions met - Operating	(500 000)	(250 000)	Conditions met - Capital			Conditions still to be met					
Opening balance		2 000																		
Grants received	500 000	500 000																		
Conditions met - Operating	(500 000)	(250 000)																		
Conditions met - Capital																				
Conditions still to be met																				
The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.																				
20.5	<b>Municipal Infrastructure Grant (MIG)</b>	<table> <tr><td>Opening balance</td><td>4 080 547</td><td>1 780 419</td></tr> <tr><td>Grants received</td><td>11 689 000</td><td>9 631 000</td></tr> <tr><td>Conditions met - Operating</td><td>(584 150)</td><td>(324 215)</td></tr> <tr><td>Conditions met - Capital</td><td>(9 174 679)</td><td>(7 006 551)</td></tr> <tr><td>Monies returned to National Treasury</td><td>(1 486 053)</td><td></td></tr> <tr><td>Grant expenditure to be recovered</td><td>5 500 586</td><td>4 080 547</td></tr> </table>	Opening balance	4 080 547	1 780 419	Grants received	11 689 000	9 631 000	Conditions met - Operating	(584 150)	(324 215)	Conditions met - Capital	(9 174 679)	(7 006 551)	Monies returned to National Treasury	(1 486 053)		Grant expenditure to be recovered	5 500 586	4 080 547
Opening balance	4 080 547	1 780 419																		
Grants received	11 689 000	9 631 000																		
Conditions met - Operating	(584 150)	(324 215)																		
Conditions met - Capital	(9 174 679)	(7 006 551)																		
Monies returned to National Treasury	(1 486 053)																			
Grant expenditure to be recovered	5 500 586	4 080 547																		
The grant was used to upgrade infrastructure in previously disadvantaged areas																				
20.6	<b>Housing Grants</b>	<table> <tr><td>Opening balance</td><td>1 433 695</td><td>1 505 037</td></tr> <tr><td>Grants received</td><td></td><td>905 032</td></tr> <tr><td>Conditions met - Operating</td><td>(355 909)</td><td>(777 074)</td></tr> <tr><td>Conditions met - Capital</td><td></td><td></td></tr> <tr><td>Grant expenditure to be recovered</td><td>1 078 086</td><td>1 433 695</td></tr> </table>	Opening balance	1 433 695	1 505 037	Grants received		905 032	Conditions met - Operating	(355 909)	(777 074)	Conditions met - Capital			Grant expenditure to be recovered	1 078 086	1 433 695			
Opening balance	1 433 695	1 505 037																		
Grants received		905 032																		
Conditions met - Operating	(355 909)	(777 074)																		
Conditions met - Capital																				
Grant expenditure to be recovered	1 078 086	1 433 695																		
Housing grants was utilised for the development of erven and the erection of top structures																				
20.7	<b>Integrated National Electrification Grant</b>	<table> <tr><td>Opening balance</td><td>534 004</td><td>2 528 975</td></tr> <tr><td>Grants received</td><td>2 000 000</td><td>2 000 000</td></tr> <tr><td>Conditions met - Operating</td><td></td><td></td></tr> <tr><td>Conditions met - Capital</td><td></td><td></td></tr> <tr><td>Monies returned to National Treasury</td><td>(1 083 756)</td><td>(1 666 997)</td></tr> <tr><td>Conditions still to be met</td><td>130 238</td><td>134 004</td></tr> </table>	Opening balance	534 004	2 528 975	Grants received	2 000 000	2 000 000	Conditions met - Operating			Conditions met - Capital			Monies returned to National Treasury	(1 083 756)	(1 666 997)	Conditions still to be met	130 238	134 004
Opening balance	534 004	2 528 975																		
Grants received	2 000 000	2 000 000																		
Conditions met - Operating																				
Conditions met - Capital																				
Monies returned to National Treasury	(1 083 756)	(1 666 997)																		
Conditions still to be met	130 238	134 004																		
The National Electrification Grant was used for electrical connections in previously disadvantaged areas																				
20.8	<b>Other Grants</b>	<table> <tr><td>Opening balance</td><td>745 185</td><td>601 187</td></tr> <tr><td>Grants received</td><td>3 588 438</td><td>1 431 932</td></tr> <tr><td>Conditions met - Operating</td><td>(1 758 336)</td><td>(1 516 935)</td></tr> <tr><td>Conditions met - Capital</td><td></td><td></td></tr> <tr><td>Conditions still to be met</td><td>2 664 287</td><td>745 185</td></tr> </table>	Opening balance	745 185	601 187	Grants received	3 588 438	1 431 932	Conditions met - Operating	(1 758 336)	(1 516 935)	Conditions met - Capital			Conditions still to be met	2 664 287	745 185			
Opening balance	745 185	601 187																		
Grants received	3 588 438	1 431 932																		
Conditions met - Operating	(1 758 336)	(1 516 935)																		
Conditions met - Capital																				
Conditions still to be met	2 664 287	745 185																		
Various grants were received from other spheres of government (e.g. library fund and Skills Development Grant)																				
20.9	<b>Total Grants</b>																			

Opening balance	4 677 001	6 653 003
Grants received	46 112 600	37 505 563
Grants paid - Operating	(29 848 202)	(26 544 503)
Conditions met - Capital	(12 682 128)	(10 580 384)
Monies returned to National Treasury	(1 496 059)	(2 625 978)
Conditions still to be met/(Grant expenditure to be recovered)	<u>8 713 625</u>	<u>4 877 001</u>
Disclosed as follows		
Unspent Conditional Government Grants and Receipts	8 631 177	6 354 831
Unpaid Conditional Government Grants and Receipts	(917 651)	(1 717 630)
	<u>8 713 625</u>	<u>4 677 001</u>



21 SERVICE CHARGES

Electricity		
Water	5 532 521	4 567 673
Refuse removal	600 391	297 462
Sewerage and Sanitation Charges	1 580 672	1 341 661
	1 881 525	1 709 693
Less: Rebates	9 750 100	7 933 571
	(2 768 274)	(2 602 849)
<b>Total Service Charges</b>	<b>7 014 835</b>	<b>6 530 821</b>

Rebates can be claimed as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission

22 WATER SERVICE AUTHORITY CONTRIBUTION

Chris Hani District Municipality - Water and Sewerage functions	6 489 172	6 424 374
<b>Total finance charges</b>	<b>6 489 172</b>	<b>6 424 354</b>

23 OTHER INCOME

	2013 R	2012 R
Pound Fees		
Cemetery Fees	6 400	6 342
Building Plan & Inspection	1 746	2 485
Work for consumers	487	
Sundry Income	1 501	4 618
	276 211	107 345
<b>Total Other Income</b>	<b>267 562</b>	<b>175 195</b>

Sundry income represents sundry income such as building plans, sale of sundry items (wood, sand and stones) and fees for items not included under service charges (camping, fire engage and impounding fees)

24 EMPLOYEE RELATED COSTS

Bonus		
Bargaining Council Levy	467 106	464 867
Contribution to Current Employee Benefits - Staff Leases	1 608	4 737
Contribution to Employee Benefits - Long Service Awards	106 251	105 050
Housing subsidy	80 878	63 883
Medical Aid Contributions	21 606	16 520
Overtime	401 804	297 120
Pension Fund Contributions	648 769	615 091
Post Employment Health Contribution	2 283 870	1 843 400
Salaries and Wages	997 310	942 406
Standby allowance	14 083 681	12 767 572
Travel, motor car, telephone, assistance and other allowances	16 146	
UIF Contributions	420 881	484 288
	114 251	50 311
<b>Less: Employee Costs allocated elsewhere</b>	<b>19 978 946</b>	<b>17 434 297</b>
<b>Total Employee Related Costs</b>	<b>18 976 946</b>	<b>17 434 297</b>

KEY MANAGEMENT PERSONNEL

Municipal Manager is appointed on a 5-year end. All other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - Mr S.J. Day

Annual Remuneration	631 674	518 510
Performance Bonuses		93 367
Car Allowance		158 205
Telephone allowance	156 184	15 600
Contributions to UIF, Medical, Pension Funds and Bargaining Council	16 400	120 697
<b>Total</b>	<b>1 077 271</b>	<b>906 577</b>

Remuneration of the Director Technical Services - Mr MJ Mjamba

Annual Remuneration		107 400
Performance Bonuses		
Traveling Allowance		52 000
Telephone allowance		
Contributions to UIF, Medical, Pension Funds and Bargaining Council		19 024
<b>Total</b>		<b>138 424</b>

The position was vacant with Director of Community Services responsible for Technical department for the 2011/2012 financial year. The previous manager was suspended and his contract expired 30 September 2011. The position was filled as from 1 July 2012.

**Remuneration of the Director Technical Services - Ms NY Mqogi - 01 July 2012**

Annual Remuneration	550 604	-
Performance Bonuses	-	-
Traveling Allowance	52 800	-
Telephone allowance	10 680	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	138 329	-
<b>Total</b>	<b>751 393</b>	<b>-</b>

**Remuneration of the Director Corporate Services - Mr M Sigaza**

Annual Remuneration  
Performance Bonuses  
Traveling Allowance  
Telephone allowance  
Contributions to UIF, Medical, Pension Funds and Bargaining Council

**Total**

504 164	504 164
-	64 341
48 000	48 000
9 600	9 600
90 704	90 704
<b>749 258</b>	<b>711 282</b>

**Remuneration of the Director Financial Services - Mr G de Jager**

Annual Remuneration  
Performance Bonuses  
Car Allowance  
Telephone allowance  
Contributions to UIF, Medical, Pension Funds and Bargaining Council

**Total**

	470 841
	68 258
	48 000
	9 600
	9 000
	62 849
	<b>641 748</b>

**Remuneration of the Director Financial Services - Ms S du Toit - 01 August 2012**

Annual Remuneration  
Performance Bonuses  
Car Allowance  
Telephone allowance  
Contributions to UIF, Medical, Pension Funds and Bargaining Council

**Total**

602 378	
33 000	
9 600	
1 700	
<b>762 962</b>	

The contract of the CFO expired on 30 April 2012. An Acting Manager was appointed for the remaining period of the 2011/2012 financial year. The position was filled on the 1 August 2012.

**Remuneration of the Director Community Services - Mr Z Nkomo**

Annual Remuneration  
Performance Bonuses  
Traveling Allowance  
Telephone allowance  
Contributions to UIF, Medical, Pension Funds and Bargaining Council

**Total**

504 164	504 164
-	63 216
48 000	48 000
9 600	9 600
90 744	85 276
<b>749 249</b>	<b>710 261</b>



26 REMUNERATION OF COUNCILLORS

Councillors' allowance	1 495 697	1 384 864
Travel and other allowances	878 834	842 355
Pension Fund Contributions	154 945	150 814
Other	-	13 512
<b>Total Councillors' Remuneration</b>	<b>2 519 466</b>	<b>2 391 645</b>

*In-kind Benefits*

The Executive Mayor and all the committee members are part-time. The Mayors are provided with secretarial support and an office at the cost of the Council.

**Mayor - K Nqikh**

Councillor allowance	481 829	389 543
Travel allowance	143 504	135 751
Telephone allowance	38 960	38 858
Contributions to UIF, Medical and Pension Funds	41 047	46 021
<b>Total</b>	<b>625 320</b>	<b>569 132</b>

**M Bennet**

Councillor allowance	155 009	124 785
Travel allowance	53 314	48 722
Telephone allowance	12 126	11 472
Contributions to UIF, Medical and Pension Funds	-	1 429
<b>Total</b>	<b>168 238</b>	<b>175 386</b>

**M Masinganywa**

Councillor allowance	114 099	105 886
Travel allowance	43 024	40 722
Telephone allowance	12 126	11 472
Contributions to UIF, Medical and Pension Funds	19 980	17 985
<b>Total</b>	<b>168 238</b>	<b>175 985</b>

**YM Batsang**

Councillor allowance	114 099	105 886
Travel allowance	43 024	40 722
Telephone allowance	12 126	11 472
Contributions to UIF, Medical and Pension Funds	19 980	17 985
<b>Total</b>	<b>168 238</b>	<b>175 986</b>

**CM Boasi**

Councillor allowance	155 009	124 785
Travel allowance	53 314	48 722
Telephone allowance	12 126	11 472
Contributions to UIF, Medical and Pension Funds	-	1 429
<b>Total</b>	<b>168 238</b>	<b>175 385</b>

**R Ngabisa**

Councillor allowance	114 099	105 886
Travel allowance	43 024	40 722
Telephone allowance	12 126	11 472
Contributions to UIF, Medical and Pension Funds	19 980	17 985
<b>Total</b>	<b>168 238</b>	<b>175 735</b>

**VG Dyaosi**

Councillor allowance	133 088	123 276
Travel allowance	43 024	40 722
Telephone allowance	12 126	11 472

Contributions to UIF, Medical and Pension Funds

Total

	2 400
100 230	120 380

N kgsete

Councillor allowance

Travel allowance

Telephone allowance

Contributions to UIF, Medical and Pension Funds

Total

114 600	117 310
45 000	40 720
13 100	11 400
18 500	8 950
109 200	178 380

**GN Hlomendlini**

Councillor allowance	114 098.4	117 316
Travel allowance	43 023.7	40 722
Telephone allowance	12 126.0	11 472
Contributions to UIF, Medical and Pension Funds	18 989.6	8 826
<b>Total</b>	<b>188 238</b>	<b>178 336</b>

**IP Van Hoerden**

Councillor allowance	114 098.4	117 316
Travel allowance	43 023.4	40 722
Telephone allowance	12 126	11 472
Contributions to UIF, Medical and Pension Funds	18 989.6	8 826
<b>Total</b>	<b>188 238</b>	<b>178 336</b>

**26 DEBT IMPAIRMENT**

Trade Receivables from exchange transactions - Note 15	2 778 532	6 722 942
Trade Receivables from non-exchange transactions - Note 16	625 704	788 356
<b>Debt impairment recognised in statement of financial performance</b>	<b>1 602 237</b>	<b>7 621 300</b>

**27 DEPRECIATION AND AMORTISATION**

Property Plant and Equipment	5 550 749	5 495 220
Investment Property	288 789	289 580
Intangible Assets	54 698	55 332
	<b>5 894 236</b>	<b>5 839 132</b>

**28 FINANCE CHARGES**

Finance charges	54 427	-95 008
<b>Total finance charges</b>	<b>54 427</b>	<b>95 008</b>

**29 BULK PURCHASES**

Electricity	7 089 484	6 272 945
Water	106 590	116 282
<b>Total Bulk Purchases</b>	<b>7 196 083</b>	<b>6 389 211</b>

**30 GRANTS AND SUBSIDIES**

Pauper funerals	-	960
<b>Total Grants and Subsidies</b>		<b>960</b>



31	<b>REPAIRS AND MAINTENANCE</b>		
	Infrastructure	1 076 510	2 040 510
	Land and Buildings	267 463	352 176
	Other Assets	660 713	704 961
	<b>Total Grants and Subsidies</b>	<b>2 013 085</b>	<b>3 097 652</b>
32	<b>OPERATING GRANT EXPENDITURE</b>		
	Operating grant expenditure per vote		
	Budget & Treasury	1 401 702	1 467 332
	Executive & Council	34 173	389 360
	Corporate Services	231 267	271 171
	Community & Social Services	1 045 525	1 038 036
	Technical Services	2 327 171	1 426 039
	<b>Total Operating grant expenditure</b>	<b>7 341 014</b>	<b>6 776 168</b>
33	<b>GENERAL EXPENSES</b>	<b>2015</b>	<b>2016</b>
		<b>R</b>	<b>R</b>
	Amusement	178 704	555 640
	Assets on behalf of Chris Hani District Municipality	454 808	214 287
	Audit Fees	2 697 013	3 460 975
	Bank Charges	260 234	180 777
	Books, Magazines and Publications	20 434	34 426
	Cleaning materials	24 675	31 045
	Customer Care	116 386	126 205
	Entertainment	77 622	324 547
	Fuel Cost	1 154 919	1 202 892
	Insurance	367 720	475 231
	Interest on DBSA loan on behalf of Chris Hani District Municipality	20 439	60 551
	Landfill Sites	58 657	39 795
	Legal Cost	271 701	379 961
	Mayor's fund and Imbizo	237 958	299 531
	Municipality fees	412 406	228 325
	Other	457 756	425 226
	Postage	26 537	29 209
	Printing and stationery	289 095	157 135
	Professional Fees	439 468	512 580
	Rentals	46 911	109 341
	Safety clothes	8 615	54 192
	Skills development levy	195 024	134 197
	SMME Seminar	145 585	
	Telephone	517 392	280 297
	Town Planning	30 702	160 100
	Training	360 977	740 006
	Travel and subsistence	742 873	762 690
	Vehicle and Equipment hire	129 666	117 745
	Water purification and chemicals	25 854	14 071
	<b>General Expenses</b>	<b>9 918 261</b>	<b>11 042 065</b>

<b>34</b>	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3</b>	
<b>34.1</b>	<b>Property, Plant and Equipment</b>	
	Balance previously reported	79 244 972
	Identify errors in casting between General ledger and Fixed Asset Register - Infrastructure Roads - Refer to note 11	(2 577)
	The error detected was only a immaterial amount on the Roads Infrastructure	
		<u>76 667 395</u>
<b>34.2</b>	<b>Accumulated depreciation - Property, Plant and Equipment</b>	
	Balance previously reported	19 377 198
	Depreciation was incorrectly calculated resulted in understatement of Accumulated depreciation - Refer to note 11	253 548
	Depreciation was incorrectly calculated as raised during the previous financial year audit outcome. We have embarked on a recalculation exercise and this is to clear the issues raised in the previous financial year	
		<u>19 631 146</u>
<b>34.3</b>	<b>Accumulated depreciation - Investment Property</b>	
	Balance previously reported	1 165 716
	Depreciation was incorrectly calculated resulted in understatement of Accumulated depreciation - Refer to note 12	(10 560)
	Depreciation was incorrectly calculated as raised during the previous financial year audit outcome. We have embarked on a recalculation exercise and this is to clear the issues raised in the previous financial year.	
		<u>1 155 156</u>
<b>34.4</b>	<b>Receivables from exchange transactions</b>	
	Balance previously reported - Electricity	2 780 910
	Immaterial difference identified between sub ledger and general ledger on Electricity debtors resulting in the ledger being understated with this immaterial amount - Refer to note 15	139
	Immaterial difference identified on opening balances between ledger and sub-ledger	
		<u>2 781 049</u>
	Balance previously reported - Water	2 000 668
	Immaterial difference identified between sub ledger and general ledger on Water debtors resulting in the ledger being understated with this immaterial amount - Refer to note 15	154
	Immaterial difference identified on opening balances between ledger and sub-ledger	
		<u>2 000 822</u>
	Balance previously reported - Other	904 699
	An Financial instrument creditor was created during the 2009/2010 audit during the audit. Subsequent to that year ASB approved a GRAP standard on Financial instruments and this figure is therefore not applicable	36 123
	Council approved for the amount to be written off	
		<u>940 822</u>
<b>34.5</b>	<b>Receivables from non-exchange transactions</b>	
	Balance previously reported - Rates	2 896 796
	A difference has been detected between the ledger and the sub-ledger for Rates due to changes made between the capital portion and current - Refer to note 16	23 796
	Immaterial difference identified on opening balances between ledger and sub-ledger	
		<u>2 920 592</u>
<b>34.6</b>	<b>Accumulated Surplus</b>	
	Balance previously reported - Rates	46 442 171
	Identify errors in casting between General ledger and Fixed Asset Register - Infrastructure Roads - Refer to note 11	(2 577)
	Depreciation was incorrectly calculated resulted in understatement of Accumulated depreciation - Refer to note 11	(253 548)
	Depreciation was incorrectly calculated resulted in understatement of Accumulated depreciation - Refer to note 12	
	Immaterial difference identified between sub ledger and general ledger on Electricity debtors resulting in the ledger being understated with this immaterial amount - Refer to note 15	139
	Immaterial difference identified between sub ledger and general ledger on Water debtors resulting in the ledger being understated with this immaterial amount - Refer to note 15	154
	An Financial instrument creditor was created during the 2009/2010 audit during the audit. Subsequent to that year ASB approved a GRAP standard on Financial instruments and this figure is therefore not applicable	36 123
	A difference has been detected between the ledger and the sub-ledger for Rates due to changes made between the capital portion and current - Refer to note 16	23 796

36 256 417



35 STATEMENT OF FINANCIAL PERFORMANCE

Balance previously reported	(6 120 814)
Operating grant expenditure on national roads was capitalised during 2011/2012 - Refer to note 32	(1 506 958)
Landfill site expenditure previously overstated and incorrectly classified as finance charges	342 291
Restatement from Finance charges to General expenditure	
Correction on overstatement of Landfill site expenditure	300 200
State cheques written back for 2011/2012 against general expenditure - other	4 985
Grant revenue incorrectly recorded based on the approved roll over from National Treasury	(284 198)
Interest on investments were incorrectly recorded and some were not, this is to correct the interest received in 2011/2012	2 173
Monies received for electricity third parties were incorrectly allocated to revenue instead of against the debtor	100
Correction on Depreciation and Amortisation due to incorrect calculations in prior year	(101 724)
Property Plant and Equipment	(134 251)
Intangible assets	(138 279)
Investment property	3 178
	1 849
Total	19 847 252

36 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

	2013 R	2012 R
Surplus/(Deficit) for the year	2 132 040	(5 651 857)
Adjustments for:		
Depreciation		
Amortisation of Intangible Assets	5 848 536	5 784 800
Gain on disposal of property, plant and equipment	54 660	53 532
Loss on disposal of property, plant and equipment	(330)	(19 035)
Debt Impairment		
Contribution to staff leave	3 602 237	7 521 300
Contribution from/to employee benefits	559 237	285 002
Actualised Gains	558 478	500 172
Grants Received	2 257	300 659
Grant Expenditure	48 112 838	37 586 063
Operating lease income accrued	(82 589 331)	(37 134 987)
	1 172	-
Operating Surplus/(Deficit) before changes in working capital		
Changes in working capital	18 291 329	9 038 505
Increase/(Decrease) in Trade and Other Payables	(6 542 173)	(7 594 062)
Increase/(Decrease) in Taxes	(1 287 422)	4 101 954
(Increase)/Decrease in Inventory	(844 161)	755 181
(Increase)/Decrease in Trade and other receivables	43 737	(614 913)
	(4 774 320)	(5 867 094)
Cash generated/(absorbed) by operations	11 749 157	9 413 424

37 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Call Investments Deposits - Note 16		
Cash Flows - Note 19	9 080 155	5 631 219
Bank - Note 18	90	90
Bank overdraft - Note 18	1 026 098	1 374 004
<b>Total cash and cash equivalents</b>	<b>10 085 313</b>	<b>7 005 313</b>

38 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 37	10 085 313	7 005 313
Less:	10 085 313	7 005 313
Unspent Committed Conditional Grants - Note 9	9 031 177	6 364 831
<b>Resources available for working capital requirements</b>	<b>9 031 177</b>	<b>6 364 831</b>
<b>Resources available for working capital requirements</b>	<b>455 136</b>	<b>610 482</b>
	<b>455 136</b>	<b>610 482</b>

39 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities - Note 2		
Used to finance property, plant and equipment - at cost	51 645	128 276
	51 645	(128 276)
Cash set aside for the repayment of long-term liabilities		
Cash invested for repayment of long-term liabilities		
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act		

40 BUDGET COMPARISONS

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
<b>40.1 Operational</b>				
<b>Revenue by source</b>				
Property Rates	1 509 757	1 800 000	(290 243)	-16%
Government Grants and Subsidies - Capital	13 632 130	12 914 700	(262 570)	-2%
Government Grants and Subsidies - Operating	30 449 562	31 755 790	(1 306 228)	-4%
Public Contributions and Donations	-	-	-	0%
Fees	3 000	7 000	(4 000)	-57%
Service Charges	7 014 635	5 701 651	313 184	5%
Rental of Facilities and Equipment	57 701	54 030	3 701	7%
Interest Earned - external investments	267 050	224 990	62 190	28%
Interest Earned - outstanding debtors	1 367 316	1 277 686	89 630	7%
Agency Services	918 630	1 089 489	(170 859)	-16%
Other Income	287 352	86 800	220 752	208%
Gain on disposal of Property, Plant and Equipment	239	-	239	100%
<b>Expenditure by nature</b>	<b>54 527 913</b>	<b>55 690 516</b>	<b>(1 362 603)</b>	<b>-2%</b>
Employee Related Costs	19 578 940	19 913 016	(703 928)	-3%
Remuneration of Councilors	2 319 496	2 337 387	(17 891)	-1%
Debt Impairment	3 632 237	289 000	3 302 237	1101%
Depreciation and Amortisation	5 704 002	5 854 670	(260 670)	-4%
Repairs and Maintenance	2 013 085	3 266 447	(1 252 362)	-40%
Finance Charges	64 427	176 190	(115 573)	-65%
Risk Purchases	7 798 085	6 207 000	500 917	8%
Grants and Subsidies	-	19 980	(19 980)	-100%
Operating Grant Expenditure	7 301 014	7 623 300	(297 604)	-4%
General Expenses	9 916 251	10 104 589	(1 088 327)	-9%
<b>Net Surplus for the year</b>	<b>(4 155 605)</b>	<b>(2 309 544)</b>	<b>(1 846 061)</b>	<b>80%</b>

	2011 R (Actual)	2011 R (Budget)	2011 R (Variance)	2011 (%)
40.2 Expenditure by Vote				
Executive & Council	8 268 855	8 695 722	(326 867)	-4%
Budget & Treasury	8 105 275	8 610 808	(494 469)	-6%
Corporate Services	5 354 722	5 307 670	47 052	1%
Community & Social Services	11 332 577	12 443 402	(1 110 825)	-9%
Technical Services	26 675 998	28 078 434	(1 402 437)	-5%
	<u>58 886 426</u>	<u>60 944 034</u>	<u>(2 057 608)</u>	<u>-3%</u>

41	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2011 R	2012 R
41.1	Unauthorised expenditure		
	Reconciliation of unauthorised expenditure:		
	Opening balance		
	Unauthorised expenditure current year - operating	7 998 323	5 873 374
	Written off by council	494 469	7 998 323
	Transfer to receivables for recovery		(5 873 374)
	Unauthorised expenditure awaiting authorisation		
		<u>8 492 792</u>	<u>7 998 323</u>

Unauthorised expenditure on operating vote for Budget and Treasury is due to under budgeting for Audit fees

Incident	Disciplinary steps/procedural proceedings
Over expenditure at votes	None



# UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE)

## 41.2 Fruitless and wasteful expenditure

### Reconciliation of fruitless and wasteful expenditure

Opening balance	349 585	902 426
Fruitless and wasteful expenditure current year	12 622	349 585
Written off by council	-	(902 426)
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting further action	362 206	349 585

Incident	Disciplinary steps/legal proceedings
Contract on late payment of invoices	None
Expenditure incurred on meetings held at not own place	None

## 41.3 Irregular expenditure

### Reconciliation of irregular expenditure

Opening balance	R 223 986	267 876
Irregular expenditure current year	#REF!	9 223 986
Condensation supported by council	-	(267 876)
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting further action	#REF!	9 223 986

### Irregular expenditure awaiting condensation from National Treasury

Incident	Disciplinary steps/legal proceedings
SCM Policy was not in line with SCM Regulations therefore all expenditures between R2001 - R200 000 has been declared as irregular	None
It was either incurred prior to when SCM Policy was implemented	None
Referral point system not applied in tender process	None
Non-compliance with Supply Chain Management Policy - 3 Conditions not obtained	None

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies

## 41.4 Material Losses

### Water distribution losses

- Kilo litres dispatched/purified/purchased	-	936 546
- Kilo litres lost during distribution	-	643 537
- Percentage lost during distribution	#DIV/0!	54 55%

### Electricity distribution losses

- Units purchased (kwh)	0 560 686	3 924 594
- Units lost during distribution (kwh)	4 385 451	3 223 624
- Percentage lost during distribution	48 55%	53 42%

2013  
R

2012  
R

## 42 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

### 42.1 Contributions to organised local government - (MFMA 125 (1)(b)) - SALGA CONTRIBUTIONS

Opening balance	-	-
Council contributions	450 000	219 500
Amount paid - current year	(450 000)	(219 500)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

42.2 Audit fees - (MFMA 125 (1)(b))

Opening balance  
Current year audit fee  
External Audit - Auditor-General  
Amount paid - current year  
Amount paid - prior year  
Amount paid - National Treasury  
Balance unpaid (included in creditors)

2013 R	2012 R
119 267	9 407
2 462 263	2 514 775
<u>2 581 530</u>	<u>2 524 182</u>
(1 940 966)	(1 907 324)
(119 267)	(9 407)
(301 332)	(308 174)
<u>11 985</u>	<u>119 267</u>

42.3 VAT - (MFMA 125 (1)(b))

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

42.4 PAYE, SDL and UIF - (MFMA 125 (1)(b))

Opening balance  
Current year payroll deductions and Council Contributions  
Amount paid - current year  
Balance unpaid (included in creditors)

2013 R	2012 R
2 492 371	1 813 510
<u>(2 492 371)</u>	<u>(1 813 510)</u>

42.5 Pension and Medical Aid Contributions - (MFMA 125 (1)(b))

Opening balance  
Current year payroll deductions and Council Contributions  
Amount paid - current year  
Balance unpaid (included in creditors)

2013 R	2012 R
4 355 250	3 517 562
<u>(4 355 250)</u>	<u>(3 517 562)</u>

42.6 Councillor's Arrear Consumer Accounts - (MFMA 125 (1)(b))

The following Councillors had arrear accounts for more than 90 days as at 30 June 2013:

Councillor JP Van Heerden

Total Councillor Arrear Consumer Accounts

2013 R Outstanding more than 90 days	2012 R Outstanding more than 90 days
77 935	43 602
<u>77 935</u>	<u>43 602</u>

42.7 Other non-compliance - (MFMA 125(2)(a))

Section 9(b) of the MFMA requires that annually before the start of a financial year, the name of each bank where the municipality holds a bank account, and the type and number of each account should be submitted to the relevant provincial treasury and the Auditor-General in writing. The municipality did not adhere to the section in the current year.

Section 32 (4) (a) of the MFMA states that the accounting officer must promptly inform the Mayor, the MEC of local government in the province and the Auditor-General in writing of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality. The municipality did not inform the relevant parties as required by the section.

The municipality did not update their website with all relevant documentation as required by Section 75(2) of the MFMA.

The municipality did not submit all the relevant reports in time to National Treasury as required by Section 71 of the MFMA.

All MIG projects implemented in 2012/2013 financial year were registered after August 2012 due to change of project list and three year capital plan. All projects for implementation were submitted to the Province (District Revenue Committee) and the Province rejected the project list reason being that project costing was not taking to scope of work and also the MIG allocation was divided into five equal shares. When the technical manager was appointed on July 2012, she suggested appropriate project identification and registration processes. During August the council was still re-prioritising project list to accommodate the (DP). It should however be mention that no project was implemented without approval letter from the Province (DLGTA).

All capital projects were not registered on CIBB (lender form); SCM is not familiar with the administration system from CIBB to register all of our lender notices and all stages of the lending process.

43 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

2013 R	2012 R
-----------	-----------

Approved and contracted for

5 223 694      3 242 277

Total commitments consist out of the following

Traffic Lighting Station  
Zola Sport fields Facilities  
Renovation of Hofmeyr phase 2  
Therapeutic

3 911 201  
704 727  
227 883  
280 114

2 505 880  
735 387

5 223 694      3 242 277

The expenditure will be financed from

External Loans  
Capital Replacement Reserve  
Government Grants  
Own Resources  
District Council Grants

5 223 694      3 242 277

5 223 694      3 242 277



44

## FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

### (a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

### (b) Price risk

The municipality is not exposed to price risk.

### (c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follows:

1% (2012 - 0.5%) Increase in interest rates	106 258	41 583
0.5% (2012 - 0.5%) Decrease in interest rates	(53 129)	(41 583)

### (d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpeid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 15 and 16 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 15 and 16 for balances included in receivables that were re-negotiated for the period under review.

Balances past due not impaired:

	2013 %	2013 R	2012 %	2012 R
<b>Non-Exchange Receivables</b>				
Rates	100.00%		100.00%	143 234
<b>Exchange Receivables</b>				
Electricity	1.46%	208 355	1.62%	225 301
Water	1.34%	197 818	1.19%	148 285
Refuse	0.16%	25 594	0.00%	-
Sewerage	3.12%	445 638	5.73%	465 540
Other	0.03%	75 608	0.17%	21 996
	5.67%	854 104	6.92%	660 593

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 15 and 16 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2011 %	2011 R	2010 %	2010 R
<b>Long-Term Receivables</b>				
Water	100.00%	4 998 814	100.00%	3 477 757
<b>Long-term Investments</b>				
Electricity	71.10%	3 693 754	35.69%	2 965 474
Water	17.25%	2 664 371	16.09%	1 865 716
Roads	33.17%	3 310 690	22.69%	2 814 360
Sewerage	92.34%	4 936 804	91.44%	3 965 260
Other	5.11%	15 822	1.25%	500 146
	100.00%	14 920 461	100%	12 412 993
<b>Bad debts written off per debtor class</b>				
	2011 %	2011 R	2010 %	2010 R
<b>Long-Term Receivables</b>				
Water	0.00%		0.00%	
<b>Long-term Investments</b>				
Electricity	100.00%	(584 366)	0.00%	
Other	100.00%	(584 588)	0.00%	

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below:

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank). The credit quality of these institutions are evaluated based on their required S&P releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:

	2011 R	2010 R
Receivables from exchange transactions	2 606 051	5 196 006
Receivables from non-exchange transactions	590 409	3 711 706
Cash and Cash Equivalents	10 667 027	9 444 971
Non-Current Investments	6 952 000	5 986 000
Unpaid conditional grants and subsidies	517 000	1 717 000
	6 952 000	6 952 000

#### (d) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.



2013	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities - Finance Lease Liability	61 606			
Capital repayments	47 306			
Interest	(5 478)			
Provisions - Landfill Sites	1 181 458			
Capital repayments	1 181 458			
Trade and Other Payables	1 012 528			
Unspent conditional government grants and receipts	9 631 177			
Cash and Cash Equivalents	12 457 200			
2012	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities - Finance Lease Liability	108 076			
Capital repayments	86 370			
Interest	(20 042)			
Provisions - Landfill Sites	1 122 801			
Capital repayments	1 122 801			
Trade and Other Payables	3 364 902			
Unspent conditional government grants and receipts	6 394 831			
Cash and Cash Equivalents	10 690 812			

#### 45 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

45.1 Financial Assets	Classification	2013 R	2012 R
<b>Investments</b>			
Fixed Deposits	Financial instruments at amortised cost		
<b>Long-term Receivables</b>			
Officials Housing Loans	Financial instruments at amortised cost		
Rents (Re-negotiated terms)	Financial instruments at amortised cost		
Conductor Allowances	Financial instruments at amortised cost		
<b>Receivables</b>			
Receivables from exchange transactions	Financial instruments at amortised cost	1 105 435	5 185 005
Receivables from non-exchange transactions	Financial instruments at amortised cost	1 105 435	371 755
<b>Other Receivables</b>			
Government Subsidies and Grants	Financial instruments at amortised cost	1 105 435	1 717 830
<b>Current Portion of Long-term Receivables</b>			
Officials Housing Loans	Financial instruments at amortised cost		
Sport Club Loans	Financial instruments at amortised cost		
<b>Short-term Investment Deposits</b>			
Call Deposits	Financial instruments at amortised cost	9 060 153	5 401 218
<b>Bank Balances and Cash</b>			
Bank Balances	Financial instruments at amortised cost	1 026 065	1 374 004
Cash Floats and Advances	Financial instruments at amortised cost	90	50
<b>SUMMARY OF FINANCIAL ASSETS</b>			
Financial instruments at amortised cost		14 811 019	14 280 813
At amortised cost		14 811 019	14 280 813

#### FINANCIAL INSTRUMENTS (CONTINUE)

45.2 Financial Liability	Classification
Long-term Liabilities	

Capitalised Lease Liability	Financial instruments at amortised cost	11 375	51 548
<b>Payables from exchange transactions</b>			
Trade creditors	Financial instruments at amortised cost	7 580 375	7 584 534
Advance portion of long term liabilities	Financial instruments at amortised cost	20 650	20 650
Retentions	Financial instruments at amortised cost	421 084	54 716
<b>Other Payables</b>			
Government Subsidies and Grants	Financial instruments at amortised cost	9 651 177	5 354 831
<b>Current Portion of Long-term Liabilities</b>			
Capitalised Lease Liability	Financial instruments at amortised cost	50 321	64 602
		<u>11 695 132</u>	<u>9 623 312</u>
<b>SUMMARY OF FINANCIAL LIABILITY</b>			
Financial instruments at amortised cost		<u>11 695 132</u>	<u>9 623 312</u>

46 **EVENTS AFTER THE REPORTING DATE**

Council took a resolution on the 29th of August 2013 to pay the 14th Cheque to employees as suggested by the facilitator appointed by SALGA. The suggestion however was not supported by SALGA and SALGA is still awaiting the finalisation of the court ruling of the 20th of August 2013. The estimated amount is R620 000.

47 **IN-KIND DONATIONS AND ASSISTANCE**

The municipality did not receive any in-kind donations or assistance during the year under review.

48 **PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year.

49 **CONTINGENT LIABILITY**

The municipality does not have a permit or license for any of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.

The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review. The effect of the ruling is a general 2% increase in remuneration as from October 2009. There is an uncertainty as to the exact calculation as at year end.

The municipality are not registered for Workmen's Compensation and therefore there is a possibility for Tsoelwana Municipality to pay to Workmen's Commissioner an amount of R334 384 based on calculations made since 2000.

Regent Plan Hire CC instituted a claim for alleged breach of contract against the Kwakhwa Construction & NX Trading Joint Venture arising out of their non-payment of invoices. Kwakhwa Construction brought a defense that the amount claimed was not owed by them, but rather by the municipality as per the signed cession agreement. It is for that reason that they decided to bring an application to join the municipality in the main claim, which was granted by the court albeit wrongly. The Municipality has been joined to the main action, and at this point the Pleas shall be served and filed accordingly. Total amount of R430 000 is the possible liability if successful alternatively the municipality will only incur legal cost of R50 000.

An employee has alleged damages against the municipality for defamation. No court papers has been filed to date. Possible amount R350 000.

Notice has been received by the Municipality for the intention to institute legal proceedings against the Mayor and Tsoelwana municipality in terms of section 3 of the legal proceedings against certain organs of state Act 40 of 2002 ("ILPCOS"). Possible amount R200 000.

50 **RELATED PARTIES**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

50.1 **Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are disclosed in note 10 to the Annual Financial Statements.

50.2 **Compensation of key management personnel**

The compensation of key management personnel is set out in note 24 to the Annual Financial Statements.

50.3 **Other related party transactions**

The following purchases were made during the year where Councillors or staff have an interest:

Councillors	
Key Management	16 875
Senior management	55 850
Other	12 057
	7 628

51 **FINANCIAL SUSTAINABILITY**

The indicators or conditions that may, individually or collectively, cast significant doubt about the going



concern assumption are as follows:

**Financial Indicators**

The Municipality's cash reserves decreased tremendously during the past few financial years.

The debtors increased with more than the annual increase in tariffs which resulting in a tremendous increase in the provision for bad debts and is an indication that cash due to us might not be collected. The water and sanitation tariffs approved by the district Municipality increase with more than 100% on average that will have a negative impact on the outstanding debtors as well as cash flow.

The municipality remain grant dependant and is exploring options to increase the revenue source of the municipality.

**Other Indicators**

Possible outflow of resources due the contingent liability disclosed in note 49.

The new contract between the municipality and the district municipality stipulates that any losses incurred as from 1 July 2011 will be for the account of Tsoelwana Municipality which might have a negative impact.

**APPENDIX A - Unaudited**  
**TSOLWANA LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**  
**MUNICIPAL VOTES CLASSIFICATION**

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
2 029 996	(6 016 708)	(3 986 712)	Municipal Manager	4 286 286	(3 470 122)	816 164
2 620 888	(2 760 785)	(139 897)	General Council	2 880 969	(2 796 734)	84 235
7 110 239	(9 092 104)	(1 981 866)	Finance & Administration	8 247 160	(9 105 275)	(858 115)
4 750 238	(4 774 639)	(24 401)	Administration: Human Resources	5 055 216	(5 304 722)	(249 506)
271 470	(211 023)	60 447	Public Safety	1 683 068	(539 428)	1 143 640
4 495 657	(5 729 655)	(1 233 998)	Planning & Development	9 090 231	(5 084 797)	4 005 434
369 207	(581 314)	(212 107)	Libraries	439 000	(622 474)	(183 474)
179 334	(87 992)	91 342	Cemeteries	199 148	(43 393)	155 755
3 768 174	(653 263)	3 114 911	Sport & Recreation	2 285 723	(100 412)	2 185 311
3 724 436	(4 391 320)	(666 883)	Waste Management	3 671 676	(4 942 074)	(1 270 398)
4 521 571	(2 205 410)	2 316 160	Road Transport	3 746 256	(6 929 052)	(3 182 796)
11 538 723	(8 846 612)	2 692 111	Electricity	10 917 813	(10 669 550)	248 262
5 250 623	(7 301 046)	(2 050 423)	Water	5 076 116	(5 834 670)	(758 554)
2 594 697	(7 041 915)	(4 447 217)	Waste Water Management	3 438 424	(3 442 339)	(3 915)
53 225 253	(59 693 786)	(6 468 533)	Sub Total	61 017 085	(58 885 040)	2 132 045
-	-	-		-	-	-
53 225 253	(59 693 786)	(6 468 533)	Total	61 017 085	(58 885 040)	2 132 045

**APPENDIX B - Unaudited**  
**TSOLWANA LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
4 650 884	(8 777 494)	(4 126 609)	Executive & Council	7 167 255	(6 266 855)	900 400
7 110 239	(9 092 104)	(1 981 866)	Budget & Treasury	8 247 160	(9 105 275)	(858 115)
4 750 238	(4 774 639)	(24 401)	Corporate Services	5 055 216	(5 304 722)	(249 506)
12 808 278	(11 654 566)	1 153 712	Community & Social Services	17 368 846	(11 332 577)	6 036 269
23 905 614	(25 394 982)	(1 489 369)	Technical Services	23 178 609	(26 875 610)	(3 697 002)
53 225 253	(59 693 786)	(6 468 533)	<b>Total</b>	61 017 085	(58 685 040)	2 132 045



APPENDIX C - Unaudited  
TSOLWANA LOCAL MUNICIPALITY  
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2012	Correction of error	Balance 1 JULY 2011	Grants Received	Monies Returned	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 1 JULY 2012
<b>UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS</b>								
	R	R	R	R	R	R	R	R
<b>National Government Grants</b>								
Equitable Share	-	-	-	21 877 998	-	21 877 998	-	-
NT - 1% Contribution Audit fees	-	-	-	398 174	-	398 174	-	-
Local Government Financial Management Grant	-	-	-	1 250 000	-	1 250 000	-	-
Integrated National Electrification Programme (Eskom) Grant	2 626 979	-	2 626 979	2 000 000	2 626 978	-	1 865 997	134 004
- DME Projects	2 626 979	-	2 626 979	2 000 000	2 626 978	-	1 865 997	134 004
Municipal Infrastructure Grant	1 780 419	-	1 780 419	9 631 000	-	324 215	7 006 557	4 090 647
Municipal Systems Improvement Grant	8 382	-	8 382	790 000	-	798 382	-	0
EPWP	-	-	-	-	-	-	-	-
<b>Total National Government Grants</b>	<b>4 415 780</b>	<b>-</b>	<b>4 415 780</b>	<b>35 947 172</b>	<b>2 626 978</b>	<b>24 648 769</b>	<b>8 872 554</b>	<b>4 214 651</b>
<b>National Government Grants</b>								
Project Library	-	-	-	369 207	-	369 207	-	-
Department of Roads - Internal roads	-	-	-	-	-	-	1 717 830	(1 717 830)
Other Housing monies	1 001 653	-	1 001 653	-	-	172 042	-	829 611
DPLG & Housing	-	-	-	605 032	-	605 032	-	-
1400 Thornhill Housing	63 264	-	63 264	-	-	-	-	63 264
671 Tarkastad Housing	129 446	-	129 446	-	-	-	-	129 446
1000 Tarkastad Housing	276 252	-	276 252	-	-	-	-	276 252
1000 Hofmeyer Housing	135 422	-	135 422	-	-	-	-	135 422
<b>Total Provincial Government Grants</b>	<b>1 606 037</b>	<b>-</b>	<b>1 606 037</b>	<b>974 239</b>	<b>-</b>	<b>1 146 281</b>	<b>1 717 830</b>	<b>(263 835)</b>
<b>District Municipality Grants</b>								
Rehabilitation of internal roads	109 274	-	109 274	-	-	-	-	109 274
Other - IDP	-	-	-	94 247	-	24 247	-	70 000
Tendergate Goat Project	8 411	-	8 411	119 600	-	119 600	-	8 411
<b>Total District Municipality Grants</b>	<b>117 685</b>	<b>-</b>	<b>117 685</b>	<b>213 847</b>	<b>-</b>	<b>143 847</b>	<b>-</b>	<b>187 685</b>
<b>Other Grant Providers</b>								
HIV assistance	-	-	-	-	-	-	-	-
Vuna award	-	-	-	40 000	-	-	-	40 000
SETA	-	-	-	100 321	-	100 321	-	-
HR Related projects	173 590	-	173 590	-	-	173 590	-	-
Valuations	146 987	-	146 987	-	-	-	-	146 987
Mapping project	55 145	-	55 145	-	-	-	-	55 145
Schaspkraal project	112 697	-	112 697	-	-	-	-	112 697
LED project: Vlekpoort	22 083	-	22 083	-	-	22 083	-	-
LED project: Other	53 000	-	53 000	67 178	-	-	-	120 175
Voting station	150 000	-	150 000	-	-	66 505	-	83 495
EPWP grant	-	-	-	243 209	-	243 209	-	-
<b>Total Other Grant Providers</b>	<b>713 502</b>	<b>-</b>	<b>713 502</b>	<b>450 705</b>	<b>-</b>	<b>608 707</b>	<b>-</b>	<b>558 500</b>
<b>Total</b>	<b>6 853 004</b>	<b>-</b>	<b>6 853 004</b>	<b>37 585 963</b>	<b>-</b>	<b>26 544 604</b>	<b>10 590 384</b>	<b>4 677 001</b>

APPENDIX D - Unaudited  
TSOLWANA LOCAL MUNICIPALITY  
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2012	Correction of error	Balance 1 JULY 2012	Grants Received	Monies Returned	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2013
	R	R	R	R		R	R	R
<b>UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS</b>								
<b>National Government Grants</b>								
Equitable Share	-	-	-	24 741 419	-	24 741 419	-	-
NT - 1% Contribution Audit fees	-	-	-	501 332	-	501 332	-	-
Local Government Financial Management Grant	-	-	-	1 500 000	-	1 500 000	-	-
Integrated National Electrification Programme (Eskom) Grant	134 004	-	134 004	2 000 000	-	-	1 953 768	180 236
- DME Projects	134 004	-	134 004	2 000 000	-	-	1 953 768	180 236
Municipal Infrastructure Grant	4 080 647	-	4 080 647	11 683 000	1 496 053	584 150	8 174 876	5 508 568
Municipal Systems Improvement Grant	0	-	0	800 000	-	800 000	-	0
EPWP	-	-	-	1 000 000	-	1 000 000	-	-
<b>Total National Government Grants</b>	<b>4 214 651</b>	<b>-</b>	<b>4 214 651</b>	<b>42 225 751</b>	<b>-</b>	<b>29 126 901</b>	<b>10 128 645</b>	<b>5 688 804</b>
<b>Provincial Government Grants</b>								
Project Library	-	-	-	438 000	-	438 000	-	-
Department of Roads - Internal roads	(1 717 830)	-	(1 717 830)	3 502 051	-	198 388	2 503 484	(917 651)
Other Housing monies	829 611	-	829 611	-	-	-	-	829 611
DPLG & Housing	-	-	-	-	-	-	-	-
1400 Thomhill Housing	93 264	-	93 264	-	-	4 200	-	59 064
571 Tarkastad Housing	129 446	-	129 446	-	-	129 446	-	(0)
1000 Tarkastad Housing	276 252	-	276 252	-	-	222 263	-	53 989
1000 Hofmeyer Housing	135 422	-	135 422	-	-	-	-	135 422
<b>Total Provincial Government Grants</b>	<b>(283 835)</b>	<b>-</b>	<b>(283 835)</b>	<b>3 941 051</b>	<b>-</b>	<b>993 297</b>	<b>2 503 484</b>	<b>160 434</b>
<b>District Municipality Grants</b>								
Rehabilitation of Internal roads	109 274	-	109 274	-	-	-	-	109 274
Other - IDP	70 000	-	70 000	-	-	-	-	70 000
Tendergate Goat Project	8 411	-	8 411	30 000	-	-	-	38 411
Paving Project	-	-	-	2 000 000	-	-	-	2 000 000
<b>Total District Municipality Grants</b>	<b>187 685</b>	<b>-</b>	<b>187 685</b>	<b>2 030 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 217 685</b>
<b>Other Grant Providers</b>								
HIV assistance	-	-	-	-	-	-	-	-
Vuna award	40 000	-	40 000	-	-	-	-	40 000
IDP assistance	-	-	-	250 000	-	249 888	-	112
SETA	-	-	-	79 448	-	79 448	-	-
HR Related projects	-	-	-	-	-	-	-	-
Valuations	146 987	-	146 987	-	-	-	-	146 987
Mapping project	55 145	-	55 145	-	-	-	-	55 145
Schaspkraal project	112 697	-	112 697	-	-	-	-	112 697
LED project: Vlekpoort	-	-	-	-	-	-	-	-
LED project: Other	120 175	-	120 175	87 990	-	-	-	208 165
Voting station	83 495	-	83 495	-	-	-	-	83 495
EPWP grant	-	-	-	-	-	-	-	-
<b>Total Other Grant Providers</b>	<b>558 500</b>	<b>-</b>	<b>558 500</b>	<b>417 438</b>	<b>-</b>	<b>329 336</b>	<b>-</b>	<b>646 602</b>
<b>Total</b>	<b>4 677 001</b>	<b>-</b>	<b>4 677 001</b>	<b>48 614 239</b>	<b>-</b>	<b>30 449 534</b>	<b>12 632 129</b>	<b>8 713 525</b>